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**Certifies that this is the approved version of the following dissertation:**

**Managing Corporate Brand Image Through Sports Sponsorship:  
Impacts of Sponsorship on Building Consumer Perceptions of  
Corporate Ability and Social Responsibility**

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Corporate Ability and Social Responsibility**

by

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**Managing Corporate Brand Image Through Sports Sponsorship:  
Impacts of Sponsorship on Building Consumer Perceptions of  
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Kihan Kim, Ph.D.

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Theorists and practitioners in advertising have long agreed with the notion that a well-executed sports sponsorship program can contribute to the image of a corporation. However, an integrated attempt to formulate theory, and test hypotheses, with respect to the impact of sponsorship, has been lacking. With this problem in mind, this dissertation explored “how” and “why” sports sponsorship affects the image of a corporate sponsor. Specifically, three studies are presented to understand the relationships among the perceptions of event characteristics, perceived sponsorship costs/benefits, and the cognitive component of the sponsor image – corporate ability (CA) and corporate social responsibility (CSR) beliefs.

A series of surveys was performed in Study 1 and Study 2 to examine the factor structures of the key constructs of interest. It turned out that four factors underlay the perceptions of event characteristics – promotional capability, media/audience attraction,

venue attractiveness, and the professionalism of the players; three factors underlay CA beliefs – product quality, financial performance and technological innovativeness; and two factors underlay CSR beliefs – community support and customer sensitivity.

Drawing from signal theory and attribution theory, a series of hypotheses was developed in Study 3 to test two causal models that explicated the relationships among the four dimensions of event characteristics, perceived sponsorship costs/benefits, and each dimension of CA/CSR beliefs. Consistent with the notion of signal theory, three of the four dimensions of event characteristics (i.e., promotional capability, media/audience attraction and professionalism of players) positively affected each dimension of CA beliefs (i.e., financial performance, product quality and technological innovativeness), through the mediation of perceived sponsorship costs. Also, consistent with the notion of attribution theory, two of the four dimensions of event characteristics (i.e., promotional capability and media/audience attraction) negatively affected each dimension of CSR beliefs (i.e., community support and customer sensitivity), through the mediation of perceived sponsorship benefits.

The results of this dissertation suggest that practitioners can choose different sporting events for a sponsorship deal to create different images of a corporation that they want the public to hold, and thereby, can control the outcome of sports sponsorship. Implications and contributions, limitations and directions for future research are discussed.

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## **CHAPTER I.**

### **INTRODUCTION**

Over the past three decades, sponsorship has evolved from a small-scale activity in a limited number of industrialized countries to a major global industry (Meenaghan 1998). Examples of sponsorship abound, ranging from a multi-million dollar sponsorship deal for Visa, Coca-Cola, Samsung and many other companies with the Salt Lake City 2002 Olympic Games to the Southwest Airline's sponsorship of the major league baseball. Sponsorship is clearly understood as a communications instrument and therefore considered a commercial investment (Walliser 2003). Researchers have viewed sponsorship as a powerful yet an indirect form of persuasion (Crimmins and Horn 1996) that delivers messages in the form of associations between a sponsor and a sponsored entity to the mind of a consumer (Keller 2003). The range of sponsored activities has increased steadily, with sports remaining the most important area, attracting approximately three-quarters of the total reported worldwide sponsorship expenditures in 2004 (*Brand Strategy* 2005). With the rise of new media that increase the ability of consumers to avoid normal advertising, pundits are proclaiming that investment in the form of non-traditional advertising such as sponsorships will continue to grow in the future (Harvey 2001).

Despite all of these indicators pointing to the need for a clear understanding of the business value of sponsorships, marketers today remain unsure of what the return for their investment is, how sponsorship works and how to develop an effective sponsorship program (Harvey 2001). As Harvey (2001) notes, the words "sponsored by..." or "the

mere presence of a brand logo on the screen or in an arena” can cost thousands, if not millions. Are those legitimate media forms? Unfortunately, marketing practitioners do not seem to have a clear justification to answer this question, and the decisions to enter into sponsorship arrangements have often been predicated on the managers’ “instincts” or on the personal sport interests of CEOs or marketing directors (O’Neal, Finch, Hamilton and Hammonds 1987).

Unlike such irrational approaches to sponsorship in practice, however, accumulated research in sponsorship points out that a well-planned and executed sponsorship program is capable of procuring a sustainable competitive advantage for the firm (Amis, Pant and Slack 1997). Reflecting the importance of sponsorship in theory and practice, Cornwell and Maignan (1998) and Walliser (2003) present international reviews of the growing body of literature on sponsorship before and after 1996, respectively. They note that, by far, the largest proportion of the studies reviewed concern the measurement of sponsorship impacts, and indicated that one of the most important aspects of sponsorship impact is image enhancement, as both scholars and practitioners have traditionally viewed sponsorship as a means to improve the image of sponsors. The effects of sponsorship on the corporate image have been measured by a number of variables including the consumer’s perceptions that the company is prestigious, financially stable, credible, able to produce quality products, and so forth. Nonetheless, Cornwell and Maignan (1998) said, overall, studies of sponsorship effectiveness have yielded inconsistent findings.

There are several reasons for the lack of understanding of sponsorship effects. First, part of the reason may be attributed to the lack of conceptual work that addresses

how sponsorship works (Pracejus 2004). Without a compelling theoretical justification, findings from diverse research will only provide an incomplete picture of how sponsorship affects consumers' perceptions of a firm. Acknowledging such atheoretical approaches to sponsorship research, Cornwell and Maignan (1998) note that sponsorship research to date has "not adopted any specific theoretical framework that could guide investigations of consumers' reaction to sponsorship" (p. 14). Second, there seems to be some confusion between the term "sponsorship" and other related marketing terms such as cause-related marketing or event marketing. By linking sponsorship with similar but different marketing terms, research has yielded inconsistent or sometimes conflicting findings. Third, the conceptualization of the key constructs in sponsorship research has been vague. For example, many researchers used the term "attitude toward sponsor" to encompass various aspects of sponsor image such as belief about the sponsors and/or the subjective evaluation of firms (e.g., Speed and Thompson 2000). Some researchers even use the terms "attitude toward sponsor" and "the image of sponsor" interchangeably (e.g., Stipp and Schiavone 1996; Quester and Thompson 2001). Finally, there have been methodological weaknesses involved in sponsorship research (Cornwell and Maignan 1998; Pham 1991). Field studies appear to yield very unreliable findings, because they do not allow for control of extraneous variables. For example, events can vary in size; consumers can vary greatly in their involvement in and knowledge of events, and the match between a firm and a sponsored event may also vary (Pracejus 2004). Given the number of factors that can be involved in a sponsorship association, it is not surprising to find inconsistent results from sponsorship research that oftentimes uses a field survey and interviews rather than controlled experiments or systematic surveys.

Accordingly, the purpose of this dissertation is to empirically test the image enhancement function of sponsorship; this provides marketing practitioners and scholars with a theoretical rationale and empirical evidences of sponsorship effects to aid their decision-making process and to contribute to the legitimization of sponsorship. To achieve this goal, this dissertation reviews relevant literature in advertising, marketing, psychology, journalism and communications, and identifies key constructs and theories. A causal model that explicates the relationships among important variables in sponsorship is further proposed and tested.

Chapter 2 through Chapter 5 presents a general review of sponsorship literature that clarifies the concept of sponsorship, specifies important factors involved in sponsorship association, and provides six distinct psychological mechanisms through which sponsorship functions to impact consumers' reactions to firms. Chapter 6 through Chapter 9 narrows the scope of the dissertation and presents a series of research questions and hypotheses for empirical investigation that attempts to advance the theoretical understanding of the manner in which sports sponsorship affects the ways consumers perceive a sponsor at a corporate/company brand image level. Chapter 10 concludes this dissertation by discussing the findings and suggesting future directions for research.

## **Chapter Overview**

Chapter 2 presents the conceptual background in sponsorship research before tapping into details of how sponsorship works and what sponsorship can do for the sponsoring firms. It covers the origin and the evolution of the modern sponsorship

concept, presents definitions of what is meant by sponsorship, and distinguishes sponsorship from other promotional tools in marketing such as cause-related marketing, event marketing and advertising.

Chapter 3 covers managerial dimensions specified in the literature. Realizing the strategic role of sponsorship as an advertising vehicle, sponsorship has recently been used as an integral component of a firm's marketing strategy; there are calls for decision on the part of the firm about a broad range of dimensions that have served as independent variables in sponsorship research. Some of the major dimensions of sponsorship are addressed in this section, including marketing objectives, levels of sponsorship associations, and factors affecting the outcomes of sponsorship such as event-specific factors, audience-specific factors and associational factors.

Chapter 4 addresses the outcomes or effects of sponsorship that have been examined in a number of ways. This chapter presents the outcomes of sponsorship in terms of awareness building, image enhancement, and profit generation, which correspond to the managerial objectives of sponsorship. The outcome variables discussed in this section have generally served as dependent variables in a number of sponsorship studies. Each variable discussed in this chapter is not mutually exclusive, so a single sponsorship program may achieve one or more of the desired effects, depending on how the sponsorship program is planned and executed.

Chapter 5 presents six different psychological mechanisms through which sponsorship affects consumers' reactions to a sponsor. The mechanisms presented in this chapter are the mere-exposure effect, balance theory, affect transfer, image transfer, signal theory and attribution theory. Consistent with Pracejus's (2004) claim, this chapter

shows that there isn't one magical theory that explains all aspects of sponsorship effects, but there are, in fact, multiple ways in which sponsorship works.

Chapter 6 through Chapter 9 presents three research studies. These three studies, together, aim to answer “how” and “why” consumers’ perceptions of event characteristics affect the beliefs about a corporate sponsor, i.e., corporate ability (CA) and corporate social responsibility (CSR). Also, two mediating variables – “perceived sponsorship costs” and “perceived sponsorship benefits” – are introduced to demonstrate the validity of the theorized psychological explanations – signal theory and attribution theory. These two classic theories are applied in this dissertation to develop and test a new approach to understand the effects of corporate sponsorship on the beliefs about a corporate sponsor. It is important to achieve the abovementioned goal, as the findings from the three studies can contribute to the legitimization of sponsorship. The research questions and hypotheses proposed and tested in this dissertation indicate that corporate sponsorship programs are capable of not only increasing top-of-mind awareness, but also generating inferred messages in the minds of consumers by generating beliefs relevant to the company’s ability to develop, produce, and deliver quality products (i.e., CA beliefs), and/or beliefs related to the corporation’s status and activities with respect to its perceived societal obligations (i.e., CSR beliefs). This implies that sponsorship is not just a simple reminder of brand names, but an indirect, yet powerful, form of persuasion (Crimmins and Horn 1996).

Specifically, Chapter 6 overviews the three research studies presented in this dissertation, and Chapter 7 and Chapter 8 propose research questions to develop and refine scales to measure key constructs of interest. In Chapter 7, the factor structures of

CA and CSR beliefs are examined, while in Chapter 8, the factor structure of the perceptions of event characteristics is examined. Chapter 8 also explores the relationships between each dimension of event characteristics and the two mediating variables, perceived sponsorship costs and perceived sponsorship benefits. Chapter 9 proposes a series of hypotheses comprising two causal models that examine the impacts of event characteristics on CA and CSR beliefs, respectively.

Finally, Chapter 10 discusses the findings of the studies, and concludes this dissertation.

## **CHAPTER II.**

### **CONCEPTUAL BACKGROUND**

The primary objective of this chapter is to provide background knowledge in sponsorship research before tapping into details of how sponsorship works and what sponsorship can do for the sponsoring firms. The first section of this chapter presents the evolution of modern sponsorship and provides insights into how sponsorship has evolved from a small-scale activity in a limited number of industrialized countries to a major global industry (Meenaghan 1998). The second section of the chapter reviews how researchers have defined the term “sponsorship” in advertising and marketing literature, and suggests a definition applicable to the present study. The final section differentiates sponsorship from other promotional tools in marketing communications such as cause-related marketing, event marketing and advertising.

#### **The Evolution of Sponsorship**

It is well-documented that the history of business practices that associate a company or a brand with an event goes back more than 100 years, with the first advertisements appearing in the official program of the 1896 Olympics (Slater and Lloyd 2004). Although the origin of sponsorship can be traced back to over a century ago, many researchers identify mega-events in the mid-80s, such as the 1984 summer Olympic Games in Los Angeles and the Statue of Liberty Centennial, as arousing marketers’ interest in sponsorship in the United States (Keller 2003; Slater and Lloyd 2004).



Cornwell (1995) identifies two aspects of sponsorship that have changed since the mid-80s: (1) sponsorship has moved from a philanthropic orientation to a market-driven orientation, and (2) the scale of sponsorship investment has grown dramatically.

#### Move from Philanthropic- to Market-Driven Orientation

Corporate sponsorship, which was once corporate giving or philanthropic activities motivated by true altruism (Cornwell 1995; Keller 2003; Meenaghan 1998), has evolved into an objective-driven, strategic marketing vehicle (Cunningham and Taylor 1995). Today, sponsorship is viewed as the means to an end rather than an end in itself (Cornwell 1995).

According to Meenaghan (1998), earlier perceptions of sponsorship tended to regard corporate sponsorship as in the donations category, with perhaps the primary beneficiary being the recipient. Commercialism in sponsorship exchanges was often lacking, with the sponsorship budget being administered in client companies that viewed such 'giving' as part of their societal responsibility without expectation of return (Cunningham and Taylor 1995). The motives were often a mixture of patronage and personal fulfillment by corporate owners as patrons (Meenaghan 2001a). The philanthropic nature of the early sponsorship is well reflected in the definition of sponsorship offered by the Royal Philharmonic Orchestra in 1974, cited in Meenaghan (1998):

*Sponsorship is the donation or loan of resources (people, money, material, etc.) by private individuals or organizations to other individuals or organizations engaged in the provision of those goods and services designed to improve the*

*quality of life (Royal Philharmonic Orchestra 1974 cited in Meenaghan 1998, p. 10).*

This philanthropic aspect of early sponsorship, however, has substantially changed since the 1980s (Cornwell 1995). The increased scale of investment, the global nature of the medium, and client concerns for value have radically altered the perceptions of sponsorship from a philanthropic orientation to a market-driven orientation (Meenaghan 1998; Cornwell 1995). A major boost to sponsorship activity under the market-driven paradigm arose out of the 1964 Television Act, which prohibited the advertising of tobacco products on television; this ultimately forced tobacco companies to turn to sponsorship (Marshall and Cook 1992). Today, it has become rare for companies to provide sponsorship funds without expectation of a specific return on their investment; they want a “win-win” situation where both the sponsor and the sponsored organization see tangible benefits (Cunningham and Taylor 1995).

Many researchers agree that the nature of corporate charitable contributions is now characterized as a market-driven bottom-line orientation that seeks recognition and tangible results (Marshall and Cook 1992; Mescon and Tilson 1987). For example, Slater and Lloyd (2004) argue that it is a routine practice for companies to sponsor premier athletes, teams and events to promote their corporate image and products, and even boost sales. Also, it has been observed that companies sponsoring sports often reduce the amount of money given to the sport in order to maximize their marketing budget associated with the event. Some pundits estimate that, for every dollar spent on sports event sponsorship, another five dollars is spent on leveraging the sponsorship association, using traditional mass media such as television, radio, and magazines (Eisenhart 1988).

More recently, sponsorships have become integrated into the marketing mix (Keller 2003), and anything that can be associated with a company through a sponsorship deal (e.g., sports event, art festival, sports athletes and teams, etc.) can be thought of as advertising vehicles.

### Growth of Corporate Sponsorship

Corporate sponsorship represents one of the most significant marketing developments in recent decades. Meenaghan (1998) notes that one of the most significant developments in sponsorship has been the increased scale of investment. Citing data from Sponsorship Research International, Meenaghan (1998) demonstrates that the growth in the scale of sponsorship investment is truly a global phenomenon. Meenaghan (1998) shows that the business investment in sponsorship increased 1,320 percent from 1980 to 1996 in the UK market alone. The scale of worldwide growth in sponsorship shows a similar pattern, with sponsorship spending increasing from \$2 billion in 1984 to \$16.6 billion in 1996 – a 730 percent increase. While Europe and North America continue to dominate the world sponsorship market, accounting for 33.2 percent and 33.3 percent in 1996, respectively, other markets, particularly in Asia, has grown significantly (Meenaghan 1998). He reports that Asia's share of the worldwide sponsorship market has grown from 13.3 percent in 1987 to 20.5 percent in 1996.

More recent data suggest a similar pattern of increase in sponsorship investment. *Brand Strategy* (2005) reports that, in late December 2004, there were almost 1,400 reported sponsorship deals for the year – up by six percent from 2003 and a 47 percent

increase from 2000. Some huge sports sponsorship deals were announced during 2004 including sponsorships for the 2008 Beijing Olympic Games in several valuable categories. The automotive category alone was considered to be worth \$100 million to Volkswagen. The 2006 FIFA World Cup sponsorship and EURO 2004 soccer championships were major global events that attracted some high-value deals in 2004. In the United States, the NFL continued to draw colossal sponsorship revenue for 2004.

Sponsorship investment has been historically directed toward sports, primarily because of their flexibility as a communication vehicle and because of the opportunity they afford for association with increasingly commercially driven phenomena: sport and sports heroes (Quester and Thompson 2001). According to Keller (2003), the vast majority of sponsorship expenditures go toward sports, accounting for 69 percent of the total sponsorship spending in North America, followed by entertainment, tours and attractions (9%); festivals, fairs, and annual events (8%); cause marketing (8%), and arts (6%). *Brand Strategy* (2005) also indicates that sport continues to attract the lion's share of worldwide sponsorship, accounting for 78 percent of the total reported worldwide in 2004.

Today, the diffusion of sponsorship to new industrial sectors is noticeable. Tobacco and alcohol companies and motor manufacturers were among the earliest sponsors (Meenaghan 1998). However, the success of their involvement encouraged other entrants. For instance, the financial service industry, airlines and the hi-tech computer and telecommunication industry ranked high on the list of Top Sponsoring Industries (*Brand Strategy* 1995). With a projected annual growth of nine percent, *Brand*

*Strategy* (2005) predicts that the expenditures in sponsorship will continue to grow in the 2005.

### **Sponsorship Defined**

Several definitions of sponsorship are in use (Gardner and Shuman 1987; Meenaghan 1983; Meenaghan 1991a; Otker 1988). Except for the early definitions, most have fundamentally the same meaning although they may vary in breadth, focus and terminology. Table 1 presents an illustrative sample of conceptualizations of sponsorship in chronological order.

As shown in Table 1, scholars have defined the term sponsorship with remarkable consistency in that each definition connotes an exchange between a sponsor and the sponsored entity as a necessary condition for a corporate sponsorship (Cornwell and Maignan 1998).

One of the definitions most commonly cited in sponsorship research is proposed by Meenaghan (1983; 1991a). He regarded sponsorship as “the provision of assistance either financial or in-kind to an activity by a commercial or organization for the purpose of achieving commercial objectives” (Meenaghan 1983, p. 9). Later, he formally defined sponsorship as “an investment, in cash or in kind, in an activity, in return for access to the exploitable commercial potential associated with that activity” (Meenaghan 1991a, p. 36). Although Meenaghan (1983; 1991a) advanced the early corporate giving type definitions of sponsorship by suggesting economic-based partnerships between mutually dependent organizations in pursuit of commercial potential (Meenaghan 1998), the goal of

sponsorship remains unclear, as the definition does not specify the communication objectives.

Table 1. A Chronological Sampling of Sponsorship Definitions

Source	Definition
System Three (1973)	"The provision of financial or material support (a) for some independent activity which is not intrinsic to the furtherance of commercial aims, but (b) from which the supporting company might reasonably hope to gain commercial benefit," cited in Abratt, Clayton and Pitt (1987, p. 6).
Royal Philharmonic Orchestra (1974)	"Sponsorship is the donation or loan of resources (people, money, material, etc.) by private individuals or organizations to other individuals or organizations engaged in the provision of those goods and services designed to improve the quality of life," cited in Meenaghan (1998, p. 10).
Head (1981)	"An agreement in terms of which a sponsor provides some aid to a beneficiary, which may be an association, a team or an individual, to enable the latter to pursue some activity and thereby derives the benefits contemplated in terms of its promotion strategy," cited in Abratt, Clayton and Pitt (1987, p. 6).
Meenaghan (1983, p. 9)	"Sponsorship can be regarded as the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives."
Gardner and Shuman (1987, p.11)	"Sponsorship can be defined as investments in causes or events to support corporate objectives (e.g., enhance company image) or marketing objectives (e.g., increase brand awareness)."
Otker (1988, p. 77)	"Commercial sponsorship as (1) buying and (2) exploiting an association with an event, a team, a group, etc., for specific marketing (communications) purposes."
Sandler and Shani (1989, p. 10):	"The provision of resources (e.g., money, people, equipment) by an organization directly to an event or activity in exchange for a direct association to the event or activity."
Meenaghan (1991a, p. 36)	"An investment, in cash or in kind, in an activity, in return for access to the exploitable commercial potential associated with that activity."
Javalgi et al. (1994, p. 48)	"Sponsorship is the underwriting of a special event to support corporate objectives by enhancing corporate image, increasing awareness of brands, or directly stimulating sales of products and services."
Ukman (1995, p. 1)	Sponsorship is defined as "a cash and/or in-kind fee paid to a property...in return for access to the exploitable commercial potential associated with that property," cited in McDaniel (1999, p. 165).
Gardner and Shuman (1988, p. 44)	"Sponsorship may be defined as investments in causes or events to support corporate or marketing objectives."
The International Events Group (IEG)	"A cash and/or in-kind fee paid to a property (typically a sports, entertainment, non-profit event or organization) in return for access to the exploitable commercial potential associated with that property," cited in Roy and Cornwell (2003, p.378).

The communication objectives of sponsorship is well defined by Otker (1988), who delineates “commercial sponsorship as buying and exploiting an association with an event, a team, a group, etc., for specific marketing (communications) purposes” (p. 77). However, this definition implies that the term “sponsorship” does not designate solely the association between a sponsor and a sponsored entity, but instead includes all marketing and communication efforts undertaken by sponsors to leverage their investment in the sponsored activity or event (Cornwell and Maignan 1998). In addition, this definition does not allow for noncommercial sponsorships.

Therefore, a broad yet simple definition adopted and modified from Gardner and Shuman (1987; 1988) supplies the basis for the definition used in this dissertation: sponsorships refers to investments in events, causes, properties or any other entities that can be associated with a firm to support overall corporate objectives. This definition implies three important aspects of modern sponsorship. First, it implies a reciprocity process between the sponsor and the sponsored body whereby the sponsored entity receives supports in financial or in kind and the sponsor obtains the right to associate itself with the sponsored activities to achieve corporate objectives such as enhancing corporate image or brand awareness (Cornwell and Maignan 1998). Second, sponsorship does not limit the target of association to a cause or event, but covers a wide range of activities ranging from small sporting events, sports teams and athletes to a charitable cause, for- or non-profit organizations and associations – virtually anything that can be associated with a company through a sponsorship deal (Keller 2003). And finally, the definition indicates that corporate sponsorship possesses both a non-economic nature and an economic nature. As the “overall corporate objective” may range from pure corporate

giving to true marketing goals, the definition suggests that various forms of corporate sponsorship can be placed along a continuum defined by the extent to which corporate support is linked to a marketing motive or altruistic motive. Accordingly, this implies that consumer perceptions of corporate sponsorship activities may also vary along this continuum, depending on various marketing variables such as types and characteristics of the sponsored event, and the attitude and credibility of the sponsor and the sponsored event.

### **Sponsorship and Other Marketing Terms**

There seems to be some confusion about the concept of sponsorship and other relevant marketing terms such as cause-related marketing, event marketing and advertising. This section addresses the similarities and differences between sponsorship and other promotional tools.

#### Sponsorship and Cause-Related Marketing

Sponsorship is distinct from cause-related marketing (CRM), which is characterized by the firm's contribution to a designated cause being linked to customers' engaging in revenue-producing transactions with the firm (Keller 2003). According to Varadarajan and Menon (1988), cause-related marketing is defined as the "process of formulating and implementing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in



revenue-providing exchanges that satisfy organizational and individual objectives” (p. 60). The 1983 campaign of American Express illustrates cause-related marketing. American Express promoted that a penny for every credit card transaction and a dollar for each new card issued would be donated to help restore the Statue of Liberty. The campaign was so successful that American Express gave \$1.7 million to the Statue of Liberty – Ellis Island Foundation (Keller 2003).

Although corporate sponsorship often has an explicit marketing objective, the actual contribution is not tied to the consumer’s purchase behavior. Thus, in a CRM program, donations to the recipients are based on exchanges that provide revenue to the donor; a specific objective of all CRM campaigns is to generate sales, and a promotion campaign is undertaken to leverage the right to the association (Polonsky and Speed 2001). Unlike CRM, however, sponsorship does not require that a donor undertake specific activities. An additional distinction is that, in sponsorship, the amount of support to the recipient is normally negotiated in advance and fixed; this normally represents the price of the right to an association (Polonsky and Speed 2001). In the case of CRM, the amount donated can be variable, since the donation is on a per-transaction basis (Polonsky and Speed 2001).

### Sponsorship and Event Marketing

Unlike the distinction between sponsorship and CRM, operationalizing the distinction between sponsorship and event marketing is difficult. Although there have been some attempts to differentiate sponsorship from event marketing (e.g., Cunningham

and Taylor 1995), it seems clear that the line between sponsorship and event marketing is blurring. For example, Keller (2003) defines event marketing as “public sponsorship of events or activities related to sports, art, entertainment or social causes” (p. 315). Similarly, Tuckwell (1991) defines event marketing as “the process, planned by a sponsoring organization, of integrating a variety of communications elements behind an event theme” (p. 463). Later, Cunningham and Taylor (1995) suggest that event marketing is “the integration of the sponsorship into the firm’s marketing strategy utilizing all of the marketing mix elements so that predetermined marketing objectives can be achieved” (p. 124).

Those researchers seem to suggest that sponsorship is a component of event marketing because event marketing not only connotes the exchange between a sponsor and an event, but also includes all marketing efforts such as advertising and sales promotion that derive from the event. Therefore, the term event marketing designates the overall marketing strategy in which sponsorship serves as a specific tactic, whereas corporate sponsorship directly focuses on the partnership between the sponsor and the sponsored entity.

However, it is difficult to agree that the term “event marketing” completely contains sponsorship. This is because event marketing is limited to the marketing strategies linked to an event, whereas sponsorship not only includes the linkage between a sponsor and an event, but also includes other types of associations such as sponsorship of charitable causes, associations or organizations. Also, similar to event marketing, the importance of leveraging efforts performed by sponsors has been well recognized in sponsorship research. It is assumed that the marketing communication value of the

sponsorship is null unless the sponsor actively promotes the relationship established with the event or activity (Cornwell 1995). In this regard, Cornwell and Maignan (1998) argue that event marketing is within the domain of sponsorship research when the event's organizers sell sponsorship rights in exchange for a fee, and when those sponsorships are exploited in the sponsor's promotions.

### Sponsorship and Advertising

While sponsorships may be differentiated from traditional advertising, it is likely that the objectives of most sponsorship programs are, with few exceptions, broadly similar to the intended objectives of most advertising campaigns (Meenaghan 1983). Like advertising, sponsorship may be undertaken to increase public awareness of a firm and/or alter a previously established corporate image, to increase corporate sales, or to increase media-exposure levels (Cornwell, Pruitt and Van Ness 2001). By associating their products with a fast, young, exciting, and technologically advanced sport, sponsors may hope to link their products with exactly the same characteristics of the sport (Cornwell, Pruitt and Van Ness 2001). Therefore, in a broad sense, sponsorship can be considered a specific type of advertising that utilizes different forms of media such as events and causes.

Although similar to advertising with respect to intended objectives, several studies indicate differences in consumers' perception of sponsorship and advertising as methods of marketing communications (McDonald 1991; Meenaghan 2001b). A comprehensive work by Meenaghan (2001b) highlights key differences between

consumers' perceptions of sponsorship and advertising. First, the magnitude of voice is different. Sponsorship is seen as a less direct, more subtle form of persuasion than advertising. That is, sponsorship does not try to change perceptions of the brand in a frontal assault. Rather, sponsorship improves the perception of a brand by flanking our beliefs about the brand and linking the brand to an event or organization that the target audience already values highly (Crimmins and Horn 1996). This view stems from the fact that sponsorship, particularly when compared to advertising, was seen as being less obtrusive and occurring more in the background of the activity within which the communication takes place (Meenaghan 2001b). As a result, consumers encountering a sponsorship message are likely to be in a lower state of alert than consumers encountering advertising; this fact appears to influence the likelihood of accepting messages (Meenaghan 2001b). Second, consumers' perceptions of the company's commercial intention are different. Advertising was seen as being much more overt in terms of greater intent to persuade than sponsorship. Generally, the sponsorship message is less explicit and less clear about the sponsor's profit objectives, compared to advertising (Rifon et al. 2004). This is because consumers perceive advertising as "obtrusive" (Meenaghan 2001b), whereas the commercial intent of sponsorship is often diluted by the firm's involvement with valued activities such as sports, arts and charitable causes. Also, according to Meenaghan (2001b), people see a clear distinction between sponsorship and advertising in terms of what they believed each method of communication is attempting to achieve. Sponsorship has been seen as more concerned with long-term benefits related to publicity such as "awareness" and "image," particularly in relation to company brand names. On the other hand, advertising has been seen as

having primarily a selling objective, and is more concerned with product- and sales-related information. Last but not least, sponsorship generates a certain amount of goodwill in consumers' minds, whereas advertising is generally seen as being selfish, because advertising serves no interests other than that of the advertiser (Meenaghan 2001b). Based on in-depth interviews and focus group analyses, Meenaghan (2001b) concluded that, in general, people are favorably disposed toward sponsorship, exhibiting a certain goodwill factor toward those engaged in sponsorship activities. Meenaghan (1983) also suggests that sponsorship can be used to provide community involvement, build goodwill, and counter adverse publicity.

In sum, consumer perceptions of sponsorship is different from advertising, but, at the same time, it is a powerful yet an indirect form of persuasion (Crimmins and Horn 1996) that attempts to build strong, unique and favorable brand/company associations, which may ultimately affect consumers' attitudes and behaviors (Keller 1993; Keller 2003).

### **CHAPTER III.**

#### **MANAGERIAL DIMENSIONS OF SPONSORSHIP**

As corporations realize the strategic role of sponsorship as an advertising vehicle, specific measurable marketing objectives and their accompanying marketing mix support are strategically set by the marketers (e.g., Cunningham and Taylor 1995; Cornwell 1995; Keller 2003). In addition, the use of sponsorship as an integral component of a firm's marketing strategy calls for decisions on the part of the firm about a broad range of dimensions. Understanding such dimensions will provide insights into how marketers can deliver meaningful messages via sponsorship, which correspond to the image and meanings the company would like the public to hold. Some of the major dimensions of sponsorship are addressed in this chapter.

#### **Marketing Objectives of Sponsorship**

Many researchers have attempted to identify the reasons why an increasing number of businesses invest in sponsorships. The examination of published journals on the topic of sponsorship suggests that sponsorship is a versatile tool that can be used to accomplish a broad range of corporate and marketing objectives.

The traditional method of investigating the objectives of corporate sponsorship is giving the decision-makers of corporations a pool of objectives and asking them to rank the goals that best explain their involvement in sponsorships (Hoek, Gendall and West 1990; Kuzma, Shanklin and McCally 1993; Marshall and Cook 1992; Mount and Niro

1995; Otker 1988). For example, one of the questions most frequently addressed in the sponsorship literature is “Why do companies engage in sponsorship?” Table 2 provides representative examples of the objectives put forth by researchers and marketing practitioners.

Table 2. Selected Sponsorship Objectives Identified in Sponsorship Research

Authors	Method	Sponsorship Objectives
Hoek, Gendall and West (1990)	Survey of 19 companies in New Zealand	<ul style="list-style-type: none"> <li>Ranking of objectives, from most to least important: (1) improving goodwill, (2) enhancing image, (3) increasing awareness, (4) improving profitability, (4) management interest, and (5) staff recruitment.</li> </ul>
Marshall and Cook (1992)	Survey of marketing or PR directors of the largest 200 companies listed in The Times' Top 1,000 Companies	<ul style="list-style-type: none"> <li>Reasons for sponsoring sports: (1) reach target audience" (49%), (2) product linked (34%), (3) image of sport (14%), and (4) other (3%).</li> <li>Importance ratings, from most to least important: (1) covers target audiences, (2) building corporate image, (3) potential TV coverage, (4) potential press coverage, (5) potential advertising exposure, (6) national link with product/service, and (7) ability to provide corporate hospitality.</li> </ul>
Copeland, Frisby and McCarville (1996)	Survey of marketers in 112 Canadian corporations involved in national sport sponsorship initiatives with a minimum combined advertising and promotional budget of \$50,000	<ul style="list-style-type: none"> <li>Based on 37 criteria used for the survey of sports sponsorship selection criteria, results demonstrate that most objectives fall under the following six broad categories: (1) awareness, (2) image, (3) attracting retailers' interest, (4) expectation for sales increases, and (5) employee motivation.</li> </ul>
Keller (2003)	Not an empirical study	<ul style="list-style-type: none"> <li>(1) to identify with a particular target market or lifestyle, (2) to increase awareness of the company or product name, (3) to create or reinforce consumer perceptions of key brand image associations, (4) to enhance corporate image dimensions, (5) to create experiences and evoke feelings, (6) to express commitment to the community or on social issues, (7) to entertain key clients or reward key employees, and (8) to permit merchandising or promotional opportunities.</li> </ul>

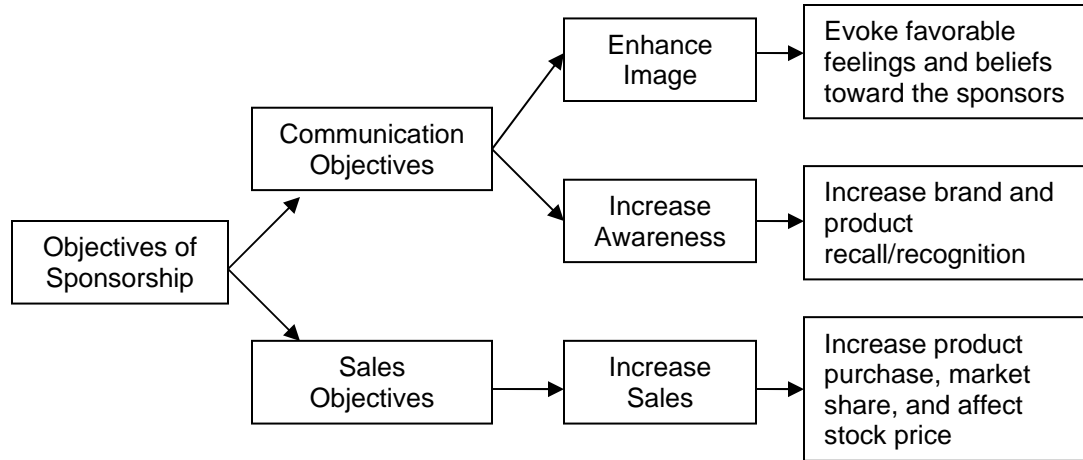
Meenaghan (1983) and Cunningham and Taylor (1995) note that, although different researchers propose different terminologies to categorize the objectives of sponsorship, findings from the literature point out two general categories of sponsorship objectives: (1) sales objectives and (2) communication objectives.

Notwithstanding the fact that a direct measurement of the effects of sponsorship on sales is difficult to achieve, increasing sales has been identified as an important objective for marketers. Sales objectives are often discussed by the marketers in terms of increasing sales, market share, or distribution (Cunningham and Taylor 1995) or increasing stock prices (Miyazaki and Morgan 2001; Kinney and Bell 2004; Cornwell, Pruitt, and Van Ness 2001). The communication objectives, on the other hand, primarily involve the general themes of image enhancement and awareness building (Cornwell and Maignan 1998; Walliser 2003). The image enhancement objective in sponsorship research includes all aspects related to building favorable feelings and beliefs associated with sponsors such as goodwill generation, changing or reinforcing positioning, and/or expressing commitment to the community (e.g., Cunningham and Taylor 1995). The awareness building objective reflects marketers' interest and effort in increasing brand/product recall and recognition through sponsorship.

Overall, Cornwell and Maignan (1998) note that research on the objectives of and motivations for investing in sponsorships has been entirely descriptive; the studies have successfully identified current corporate objectives and motivations, but have failed to evaluate the adequacy of different objectives in terms of desired benefits and according to the type of sponsorship undertaken. Figure 1 depicts the general objectives of sponsorship discussed in this section.



Figure 1. Objective of Sponsorship

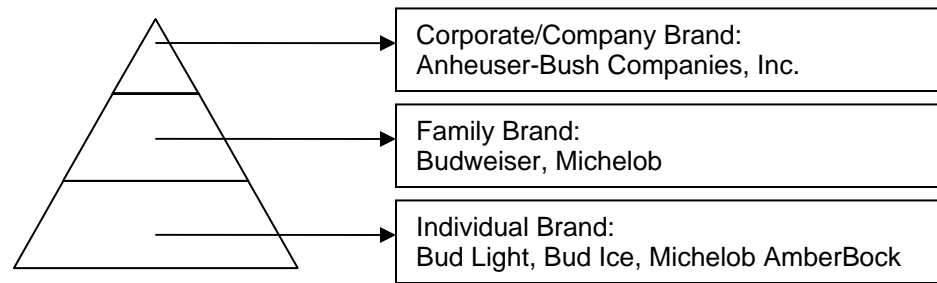


### Different Hierarchy Levels of Sponsorship Association

Depending on the specific objectives set for a particular sponsorship program, marketers can choose to give prominence to one of the three hierarchy levels of sponsorship association. A company can be associated with a cause, event or property, etc. at the (1) corporate/company brand level, (2) family brand level, or (3) individual brand level. Similar levels of associations are proposed in cause-related marketing research (Varadarajan and Menon 1988) and brand research (Keller 2003).

Consistent with Keller (2003), corporate and company brands are used interchangeably in this study, recognizing that consumers may not necessarily draw a distinction between the two or recognize that corporations may subsume multiple companies. Family brands, sometimes referred to as umbrella brands, are brands applied across a range of product categories (Keller 2003). Individual brands refer to the brand names restricted to essentially one product category (Varadarajan and Menon 1988; Keller 2003). Figure 2 illustrates different hierarchy levels of brand names.

Figure 2. Different Hierarchy Levels of Brand Names



Marketers have opted to involve their corporate or company brand name in sponsorship activities when the purposes of sponsorship include enhancing corporate or company image or awareness (Varadarajan and Menon 1988; Keller 2003). An example is State Farm Insurance Company's sponsorship of various U.S. women's sports such as the U.S. Figure Skating Championships. In this case, the corporate or company brand plays a prominent role in the sponsorship activities, which builds favorable brand image and awareness at the corporate/company brand level. The primary reason for building a favorable corporate-level image and/or awareness through sponsorship is because it can have significant influences on the market performance of the corporation or company. For example, a large national study of U.S. consumers indicated that 89 percent of the sample reported that the reputation of the company often determined which products they would buy, and 71 percent of the sample indicated that "the more they know about a company, the more favorable (they) feel toward it (Demworth 1989). Corporations or companies may seem more likable or perhaps even trustworthy or expert by virtue of becoming linked to an activity or property being sponsored (Keller 2003).

Alternatively, companies may change to give prominence to a family brand name in a sponsorship program. Budweiser's sponsorship of the Super Bowl or Michelob's

sponsorship of PGA Tour player Sergio Garcia illustrates a sponsorship activity at a family brand level. Because a family brand may be distinct from the corporate or company brand, company-level associations may be less salient when a sponsorship program links a family brand name with an event. When a corporate or company subsumes a heterogeneous collection of products, it may be harder for the corporate brand to be used and still retain any product meaning or to effectively link the disparate products (Keller 2003). Distinct family brands, on the other hand, can be circumscribed to evoke a specific set of associations across a group of related products.

Finally, a corporation or company may choose to make its individual brand names prominent in a sponsorship program (Varadarajan and Menon 1988; Keller 2003). This case is illustrated by Michelob AmberBock's sponsorship of the World Poker Tour. The main advantage of making an individual brand name prominent in a sponsorship program is that the brand and all its supporting marketing activities can be customized to meet the needs of a specific target market of the sponsored event (Keller 2003).

### **Choosing Sponsorship Opportunities**

Given that clear objectives has been established, the first step in planning a sponsorship program is to select an event or properties that maximize the potential for achieving specific goals. Although a number of sponsorship evaluation methods and mechanisms have been reported, many of these mechanisms primarily deal with the post-sponsorship effectiveness measurement (Irwin and Asimakopoulos 1992). On the other hand, there are few guidelines for choosing events that correspond to the established

marketing objectives. A number of factors affecting the outcomes of sponsorship programs are identified in this section to assist the marketing practitioners in expediting the sponsorship selection process. The discussion is organized in terms of three general themes: (1) event-specific factors, (2) audience-specific factors, and (3) associational factors.

Note that, as presented in Chapter 2, sponsorship may involve more than just an event. An organization and association can be sponsored by a corporation, just as any sporting event is sponsored by corporations. However, the discussion in this section is limited to “event sponsorship” only because it is the most popular form of sponsorship; the factors affecting the outcomes of sponsorship in event sponsorship can easily be applied to other forms of sponsorship. Also it is well beyond the scope of this dissertation to present every possible factor that affects consumer’s perceptions of sponsorship for a number of entities.

### Event-Specific Factors

Because of the huge amount of money involved and the number of event opportunities that exist, many marketers are getting more strategic about the events with which they will get involved (Keller 2003). Once clear sponsorship objectives are set, it is important to consider various aspects of an event such as the event type and event characteristics. Sponsorship literature suggests that event-specific factors are important because they affect the way people respond to sponsors.

*Type of Event.* The type of event is an important variable in sponsorship because it influences the image of events, thereby influencing the image of the sponsor (Gwinner 1997). According to Gwinner (1997), event types can be categorized into at least five areas: sports-related, music-related, festival/fair-related, fine arts-related (e.g., ballet, art exhibit, theatre, etc.), and professional meeting/trade show-related. Such types of event affect event image in a variety of ways. First, the event type conjures up image associations in the mind of the consumer. That is, most individuals, through past patronage or other forms of experience, such as word-of-mouth or television, will develop some attitudes regarding particular events, and these attitudes will serve to frame the image of the particular event type and the sponsor (Gwinner 1997). Second, event image will be impacted by non-evaluative perceptions that are formed through associations held in the consumer's memory (Keller 1993). Each event may possess distinctive meanings that can be characterized using descriptive labels such as youthful, mature, social, traditional, exclusive, high-class, athletic, family-oriented, etc. (Gwinner 1997). These meanings can be transferred to the sponsoring company, just as meanings attached to a celebrity endorser can affect the perceptions of a brand (McCracken 1989). Third, in addition to the past experiences and other indirect exposures, it is likely that new experiences, which include activities engaged in or observed and all interactions with other event attendees/participants, will shape one's perception of an event image (Gwinner 1997). It is through these experiences that the past event images may be changed or modified and new image associations can be added (Gwinner 1997).

One area which has received considerable sponsorship attention and research is the sponsorship of sporting events. Throughout the evolution of sponsorship, sport

retained its position as the leading category for sponsorship, accounting for approximately 70 percent of total sponsorship expenditures in North America (Keller 2003; Stotlar 2004). There are several reasons why sports retain its popularity in sponsorship. First, sport is popular as a sponsorship activity because of its pervasiveness (Abratt et al. 1987). Although individuals may choose not to participate, attend or watch sporting events, there is scarcely any society that is without a developed interest in some activities that could be considered sports. Second, sporting events have potential for media coverage. Major sporting events which have the benefits and advantages of international competition, consistently score high in the television and radio ratings (Abratt et al. 1987). The ability of an event to achieve media coverage and exposure for its sponsor is often presented as the key valuation criterion for a sponsorship (Crowley 1991). Third, the image of sport also makes it a popular target of sponsorship. It is generally seen as a healthy and honest activity, important in the development of an individual in our competitive society. Finally, sponsorship investment has been historically directed toward sports primarily because of its flexibility as a communication vehicle and because of the opportunity it affords for association with increasingly commercially driven phenomena: sports and sports heroes (Quester and Thompson 2001; Copeland, Frisby and McCarwille 1996). All these factors combine to make sporting events a popular form of sponsorship (Abratt et al. 1987).

*Characteristics of Event.* According to Gwinner (1997), within a given event type (e.g., sporting event, music concert series, trade show, etc.), a number of characteristics will vary from event to event. The variation in the event characteristics will result in

different outcomes of sponsorship. For instance, Kinney and Bell (2004) suggest that companies seeking to enter the upper echelon of elite, international business may wish to sponsor global events, such as the Olympics, as a strategy to build an international corporate image or to lay the groundwork for future international efforts. By way of contrast, research suggests that the smaller/more local the sponsorship, the more sincere the sponsor is regarded in enabling the event to take place (McDonald 1991). This implies that consumers recognize altruism in local sponsorship and view it as more sincere as a result (Smith 2004).

Gwinner (1997) suggests five event characteristics that influence consumers' perceptions of an event's overall image: event size, professional status (professional or amateur), tradition/history associated with the event, event venue, and promotional appearance. Event size can be considered along a number of dimensions, including length of event, level of media exposure (local, regional, national, international), number of performers, and amount of physical space occupied (Gwinner 1997). The same type of event, for example, a tennis tournament, can vary along all of these dimensions, creating different images for the same event type. Likewise, other event characteristics such as the professional status of performers (professional versus amateur) or the venue in which the event is staged (e.g., temperature, convenience, physical condition, etc.) will impact one's overall assessment of the event's image. Gwinner (1997) theorizes that, in most cases, perceptions of quality, legitimacy and attendance desirability will be higher with long-running, large, featuring professionals in attractive and convenient venues.

### Audience-Specific Factors

Individual differences may affect the way consumers perceive sponsorship. Therefore, an identical sponsor-event association may have different impacts for different individuals (Gwinner 1997). The role of the individual's identification and involvement level is discussed in this section.

*Identification.* Consumer identification with a sponsored entity has been examined as an important individual factor influencing consumers' perceptions and behavior associated with a corporate sponsor. Bhattacharya et al. (1995) view identification as the "perceived oneness with or belongingness to a group of which the person is a member" (p. 46). In sponsorship research, Madrigal (2000; 2001) conceptualizes social identification as a consumer's emotional connection or attachment to a sponsored property. When a person identifies him/herself with a certain group, a sense of connectedness with the group is generated (Mael and Ashforth 1992). With such connectedness, people act in a congruent way that appeals to the important aspects of their identity and the group they identify with (Bhattacharya et al. 1995). This is because people follow group norms that regulate their expected behavior in a given situation (Madrigal 2000). According to Turner (1984), sharing the same social identity results in a psychological group with a common mentality, thus, creating loyal citizens or sports fans within the group. For example, organizational researchers have consistently shown that the identification of members, such as employees or alumni, leads to increased member loyalty to the



organization (Adler and Adler 1987) and decreased turnover (O'Reilly and Chatman 1986).

Based on social identity theory, Madrigal (2000; 2001) demonstrated that higher levels of team identification among the attendants of a sporting event appear to be positively related to intentions to purchase a sponsor's products. This implies that psychological connectedness to a sports team represents an important aspect of self-identity that prescribes certain behavioral intentions that are considered to be supportive of the team. Gwinner and Swanson (2003) also demonstrate the positive effects of identification in sponsorship. Consistent with their predictions, team identification was found to be positively related to the ability to correctly identify sponsors, attitude toward a sponsor, patronage behaviors toward a sponsor and satisfaction with a sponsor.

*Fan Involvement.* Related to identification in sponsorship research is the concept of fan involvement (Meenaghan 2001a). Fan involvement refers specifically to "the extent to which consumers identify with, and are motivated by, their engagement and affiliation with particular leisure activities" (Meenaghan 2001a, p. 106). Meenaghan (2001a) notes that in a sponsor/sponsored-activity relationship, there is a positive emotional orientation toward the sponsor who bestows benefit on the consumer's favored activity. This is mediated by the intensity of fan involvement and in turn forms the basis of consumer reaction to the sponsor. More recently, Bloxham (1998), in researching broadcast sponsorship in Europe, found that the broad principle of fan involvement applies to television program sponsorship. Specifically, Bloxham (1998) states that "salience plays a part in getting across the brand image, but equally important are the

viewer's emotional attachment and loyalty to a program, which in turn may create emotional bonding with the brand if the sponsor's contribution is perceived as benefiting the program" (p. 94). Therefore, as Harvey (2001) notes, positive sponsorship effects are maximized when the target audience is highly involved with the subject of the program or event being sponsored. Similarly, Pham (1992) found that involvement with a soccer game did affect the recognition scores. Results of an experiment showed a curvilinear effect of involvement on the recognition of the embedded billboards of the sponsors.

*Target Market Match.* When a company sets a specific target market a priori, as most companies do, sponsorship can be an effective vehicle to reach their target market. Marketers can link their brands to events popular with either a select or broad group of consumers (Keller 2003). Consumers can be targeted geographically, demographically, psychographically or behaviorally according to events. In particular, events can be chosen based on attendees' attitudes and usage regarding certain products or brands. For example, Lincoln sponsors tennis tournaments because of a belief that tennis players are prime customers for its product (Keller 2003). Similarly, Subaru believes there is a match between outdoor recreational sporting events and potential buyers of its all-wheel-drive vehicle.

Accordingly, many researchers have espoused the idea that having overlapping audiences is a good idea. Otker (1988) notes that the chance of an effective sponsorship is maximized when there is a perfect marriage of the target group of the company and the target group of the sponsored body. He further argues that matching the media covering the event and the audience of the company or brand is thought desirable. Marshall and

Cook (1992) found that 49 percent of respondents listed reaching a specific target audience as the most important determinant in selecting an event to sponsor. Similarly, Thomas (1985) states that the first concern of a company with sponsorship in mind is to select events that most appeal to its consumers.

Other researchers have written about the ability of sponsorship to reach different and/or prioritized audiences (Crowley 1991). Withcer et al. (1991) found that companies used sponsorship of cultural and art institutions to reach opinion leaders and to achieve community relations goals, whereas sports sponsorship was used primarily to reach the general public directly. Wolton (1988) states that arts sponsorship is often employed in order to reach “decision makers, government leaders, and opinion leaders” (p. 89).

### Associational Factors

Associational factors refer to the factors relevant to both the event and the sponsors. This includes perceived fit between a sponsor and an event, the duration of relationships, and the ubiquity of the sponsor. The concept and role of each associational factor in sponsorship is addressed in this section.

*Perceived Fit.* The results of research in sponsorship generally point out that the higher the degree of perceived fit between the sponsor and the sponsored entity, the more positive the effects that will result. For example, empirical studies demonstrate that a high sponsor-event fit enhances the process of image transfer from event to sponsor (Gwinner and Eaton 1999; Gwinner 1997; Speed and Thompson 2000), increases the

likelihood of identifying the correct sponsor (Johar and Pham 1999), generates a positive attitude (Ellen, Mohr and Webb 2000; McDaniel 1999; Speed and Thompson 2000; Becker-Olsen and Simmons 2002), makes sponsors likeable (Haley 1996), enhances the perceived credibility of the sponsor (Rifon et al. 2004), and gains in share price for winning auto-race sponsors (Cornwell, Pruitt, and Van Ness 2001).

What is less understood from the literature is how to define and operationalize perceived fit between a sponsor and the sponsored body (Jagre, Watson and Watson 2001). To date, there have been diverse approaches in conceptualizing the construct of fit, using a number of terminologies interchangeably such as similarity (Gwinner 1997; Gwinner and Eaton 1999), congruency (Rifon et al. 2004), match (McDaniel 1999), relatedness (Johar and Pham 1999), consistency (Jagre, Watson and Watson 2001), compatibility (Ruth and Simonin 2003), or fit (Speed and Thompson 2000). Johar and Pham (1999) define sponsor-event relatedness in terms of “the semantic overlap between features of the event and those of potential sponsors” (p. 300). Jagre, Watson and Watson (2001) define sponsor-event consistency or fit as the “perceived closeness of the sponsoring company’s brand, product or service with an event, based on consumers’ perceptions and expectations” (p. 441). Gwinner (1997) proposes functional similarity and image similarity. Functional similarity occurs “when a sponsoring product is actually used by participants during the event” (p. 152), whereas image similarity occurs “when the image of the event is related to the image of the sponsoring brand” (p. 152).

Although researchers have taken different theoretical and methodological approaches to investigate sponsor-event fit (McDaniel 1999), central to the concept of sponsor-event fit is the similarity between the sponsor and the event. Part of the reasons

for the multiple conceptualizations of perceived fit can be attributed to the multidimensional nature of similarity. In psychology, Simons, Berkowitz and Moyer (1970) argue that there are “an infinite number of possible dimensions” of similarity-dissimilarity (p. 3). Similarly, in marketing, Keller (2003) notes that there are multiple bases of fit. In sponsorship research, Speed and Thompson (2000) state that there are numerous bases on which fit can be established between a sponsor and a sponsored entity.

Although no specific research exists into what determines “fit” in sponsorship situations, most can be categorized into one of the six dimensions proposed by Smith (2004). Smith (2004) identified six different sources, based on Keller’s (1993) work on brand image formation, on which consumers’ perceptions of fit may vary in a sponsorship context: product attribute, user imagery, brand personality, functional benefits, experiential benefits and symbolic benefits. This represents a reasonably comprehensive set of the dimensions of fit, and thereby explains most conceptualizations for fit found in the previous research. Table 3 shows each dimension of fit specified by Smith (2004).

In summary, although the importance of ‘fit’ between sponsor and the sponsored entity has been confirmed in sponsorship research, there are a number of ways consumers can perceive fit. This suggests that the link between a brand and an event or organization may not be natural, logical or obvious. In these cases, Crimmins and Horn (1996) suggest it is critical to explicitly and repeatedly define the linkage between a sponsor and the sponsored entity for the consumer.

Table 3. Dimension of Fit between Sponsor and the Sponsored Entity

Dimensions	Context	Example
Product Attribute	Products are used in the same context	Adidas and athletics sponsorship; Shell and motor-sport
User Imagery	Same type of person uses both brands	CGNU (a financial services organization) sponsoring cricket and athletics because of the match between their, and the sport's, customer base
Brand Personality	Brands are seen as being similarly youthful or exciting	Swatch's sponsorship of avant-grade sports and art/music festivals.
Functional Benefits	Brands provide similar benefits in use	Flora and the London Marathon with their health benefits
Experiential Benefits	Brands have a similar level of emotional attachment or sensory pleasure	Drinks company's sponsorship of male team sports (soccer and rugby) seeks to link the pleasures of socializing with those of the sport and alcohol
Symbolic Benefits	Both brands appeal to the consumer's self-concept in terms of status, prestige, exclusivity and so on	Rolex's sponsorship of the PGA golf championship

Source: Smith (2004, p. 465)

*Duration of Relationship.* Duration of relationship refers to the length of association between a sponsor and a sponsored entity. For example, the number of years the company sponsored the event represents the duration of association. There are reasons to believe that the longer the duration of the sponsorship relationship, the greater the potential impact will be (Marshall and Cook 1992). Amis, Slack and Berrett (1999) argue that a long-term sponsorship relationship is essential for developing unique outcomes that competitors cannot duplicate.

From the consumer perspective, the duration of sponsorship association may influence the strength of brand associations in memory (Johar and Pham 1999). Seeing a sponsor's name associated with the same sporting event, year after year, gives the

consumer multiple opportunities to elaborate about the significance of the product-sponsorship relationship, thus creating stronger associations in memory (Keller 1993). In a two-phase survey with fifty sponsorship managers, Cornwell, Roy and Steinard (2001) investigated how managers view the brand-equity-building capabilities of their sponsorship programs over time. The results supported their prediction that the longer the duration of a sponsorship relationship between a company and an event, the greater is the perceived contribution to brand equity elements. Additional empirical evidences are provided by Clark, Cornwell and Pruitt (2002). They analyzed the impact of sponsorship agreement announcements on the stock prices of sponsoring companies, using data from Chicago's computerized Center for Research in Security Prices (CRSP), and found the length of the sponsorship contract significantly enhances the stock prices of sponsoring companies. Clark et al. (2002) note that potential investors may perceive the longer sponsorship contract as an honest signal of managerial confidence in the future of the company.

*Ubiquity of the Sponsor.* Speed and Thompson (2000) propose a construct related to the frequency and selectivity of a firm's sponsorship activity. They termed this construct the perceived ubiquity of the sponsor, which refers to the degree that consumers perceive the sponsoring companies to be focused on one domain/form of sponsorship. For example, the perceived ubiquity of the sponsor is said to be higher when a company has sponsored a single event than when sponsoring many different events.

During focus groups conducted by Speed and Thompson (2000), respondents suggested that their response would not be as strong toward sponsorship by firms they

perceived to be engaging in a large number of sponsorships simultaneously. Speed and Thompson (2000) theorize that a large number of sponsorships suggest that the organization has multiple, and possibly competing, commitments. Hence, it is perceived as less committed to each one and therefore has lower credibility as a sponsor. They also provided results of survey data demonstrating positive influences of the ubiquity of a sponsor on both respondents' interest in the sponsor and their willingness to consider the sponsor's product in buying situations. Similarly, Smith (2004) notes that, if a sponsor is known for not investing in one domain/form but switching between several, consumers may view the sponsor as insincere.

Similar to the construct of ubiquity of the sponsor, Smith (2004) recognizes that multiple sponsorships of a sponsored property (e.g., multiple sponsors on the Formula One racing car) are common. He proposes three categories of sponsorship arrangement compositions, potentially affecting consumer awareness of event-sponsor associations. According to Smith (2004), the "composition" of a sponsorship arrangement may be simple (a single main sponsor of an event like the Flora London Marathon), composite (a limited number of major sponsors such as the NatWest, Emirates Airline, Vodaphone and Pepsi's sponsorship of the 1999 one-day Cricket World Cup) or complex (a large number of major and minor sponsors sponsoring individuals, groups and events as in the 2002 World Cup). Faced with complex sponsorship, there is clear evidence that consumers get confused. For example, of the twenty most identified sponsors of the 1998 Winter Olympics, eleven were not in fact sponsors at all (Johar and Pham 1999). This confusion has been attributed to "clutter" and shown to have a negative effect on both recall and recognition of sponsors (Cornwell, Relyea, Irwin and Maignan 2000). In sum, marketing



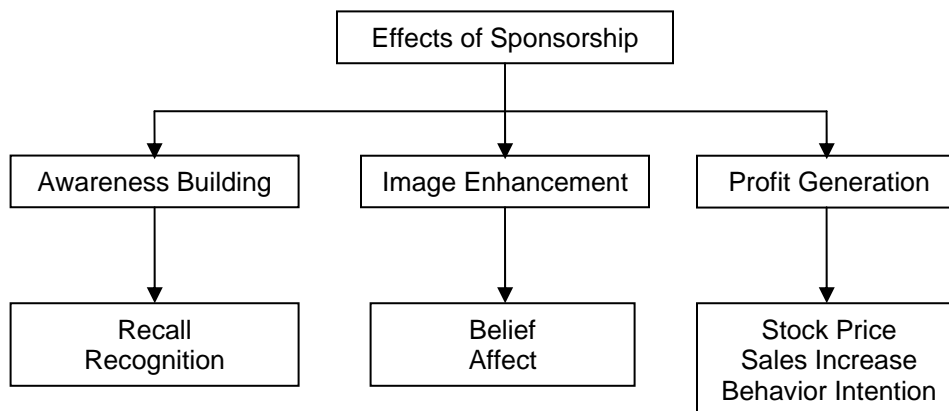
decisions on the ubiquity of the sponsor or the composition of the sponsorship arrangement are important managerial decisions, which may significantly affect the success of sponsorship activities.

## CHAPTER IV.

### EFFECTS OF SPONSORSHIP

Demonstrating the effects of sponsorship is probably the best way to legitimize it as a marketing technique (Cornwell and Maignan 1998). The effects of sponsorship have been investigated in a number of ways. Two of the common methods include the analysis of brand awareness and brand image. Researchers have also attempted to investigate the direct commercial impacts of sponsorship, using real market data such as stock prices or sales data. As shown in Figure 3, this chapter presents the effects of sponsorship in terms of awareness building, image enhancement, and profit generation. This approach corresponds to managerial objectives of sponsorship identified by marketers (See Chapter 2). Each outcome variable discussed in this section is not mutually exclusive of the others, so a single sponsorship program may achieve one or more of the desired effects, depending on how sponsorship program is planned and executed.

Figure 3. Overview of the Effects of Sponsorship



## **Awareness Building**

Awareness is widely accepted by practitioners and academia as a mechanism through which sponsorship is likely to function. A majority of studies measuring sponsorship effects have chosen awareness as a dependent variable. Correct sponsor identification and recall/recognition of the sponsor name have been popular methods of measuring the effects of sponsorship on awareness. Although positive effects of sponsorship on awareness are abundant and the general conclusion that well-executed corporate sponsorship can enhance awareness is accepted by many researchers, conflicting results also do exist. This section presents empirical studies of both sides and addresses potential reasons for the inconsistency in the literature.

### Effects of Sponsorship on Recall and Recognition

*Positive Effects.* There are a number of empirical evidences that demonstrate positive effects of sponsorship on awareness in terms of recall and recognition. Witcher, Craigen, Culligan and Harvey (1991) and Rajaretnam (1994) report case studies that illustrate the positive influence of sponsorship on awareness. Cornhill, a British insurance agency, invested two million euros in a five-year sponsorship of English Test Cricket. As a result, the recognition of Cornhill among the general public rose from two percent to 21 percent, something that was estimated by the authors to have cost approximately 50 million euros had it been done through conventional advertising. Additionally, the case study shows that sales increased by between 15 million and 20 million euros (Witcher,

Craigien, Culligan and Harvey 1991). Rajaretnam (1994) also reports a unique case study which made it possible to isolate the sponsorship effects from other promotions. MRF Ltd., one of the largest automotive tire manufacturers in India, made a major decision in 1984 to discontinue its product advertising campaign and to use sports sponsorship (e.g., sponsorship of World Cup Cricket) as the main form of marketing until 1987. During this period of time, there were no other major communications for MRF Ltd., whereas competing tire companies, such as Dunlop and Ceat, concentrated on product advertising and very little on sponsorship. The results show that, while the awareness of two competing brands, Dunlop and Ceat, remained static or even declined, the awareness of MRF Ltd., showed a significant growth. From 1984 to 1987, top-of-mind awareness improved from four percent to 21 percent; unaided awareness improved from 38 to 68 percent, and aided awareness improved from 92 to 99 percent.

In a laboratory experiment, Lardinoit and Derbaix (2001) examined the effects of field and television sponsorship on respondents' unaided recall and recognition of sponsors' names. They defined field sponsorship as the placement of sponsored messages located around the event arena, and television sponsorship as a system whereby an advertiser associates its name or trade names with a program. Results showed both field and television sponsorship had positive impacts on unaided recall, although the impact of television sponsorship was greater than that of field sponsorship. A similar pattern of results emerge for recognition. Similarly, Chew (1992) found that viewers of a sponsored public television program (MacNeil/Lehrer News Hour) were more aware that AT&T sponsored the News Hour than were non-viewers. Also, in an experiment involving 220 students and five companies, Hansen and Scotwin (1995) measured recall and recognition

of sponsors. Results showed that sponsorship messages create recall of a magnitude similar to that of advertising. In an attempt to develop a methodology to measure sponsorship effects on the Internet, Harvey (2001) demonstrated in an experiment context that the sponsor more than doubled its presence in the consideration set, comparing those who saw the sponsor on the program versus the control group who saw the same program but without the sponsor being mentioned.

Likewise, there are accumulated evidences that corporate sponsorship contributes to building strong brand awareness. However, there are some studies that failed to find significant impact of sponsorship on sponsor awareness. This point is addressed in the following section.

*Null Effects.* Although the conventional wisdom in sponsorship research is to measure sponsor awareness by respondents' ability to both recognize and recall the sponsors of an event (Sandler and Shani 1989), research in sponsor recall and recognition has not always had encouraging results. In fact, many researchers demonstrated unsuccessful sponsorship activities in creating sponsor awareness (Cornwell and Maignan 1998; Crimmins and Horn 1996; Sandler and Shani 1998).

One stream of research in sponsorship that shows difficulty in identifying correct sponsorship is "ambush marketing" (Sandler and Shani 1989; Meenaghan 1994). Sandler and Shani (1989) define ambush marketing as a practice whereby a nonsponsoring brand tries to associate itself with a sponsored event. This is done to either gain the benefits of being associated with an event without paying for the privilege, or to limit the impact of a competitor's legitimate sponsorship effort. Their research found that ambushers did

achieve greater false awareness of being sponsors than did non-ambushing, non-sponsoring companies when awareness was measured by recall. Similar results are found in Crimmins and Horn's (1996) study, although they did not use the term "ambush marketing." Crimmins and Horn (1996) call for the need to take into account the number of people who mistakenly believe that a competitor is a sponsor, in addition to the actual awareness that a brand is the sponsor of an event. They point out that, while 35 percent of a consumer mail panel could correctly identify Coke as the official soft drink of the NFL, at the same time 34 percent thought it was Pepsi, and they note that Coke had paid \$250 million to become the official soft drink of the NFL. Difficulty of correct sponsor identification is also demonstrated by Pham (1999), who reported that of the twenty most identified sponsors of the 1998 Winter Olympics, eleven were not in fact sponsors at all. Gardner and Shuman (1987), in a study of the use of sponsorship in promotions, found that individuals, when surveyed regarding 12 events, could correctly identify only 43 percent of the sponsors.

### Reasons for Inconsistent Findings

The reasons for such inconsistency in previous research are attributed to a number of factors influencing recall and recognition scores. Walliser (1994) categorizes factors influencing recall and recognition into five groups: conditions of exposure, product, message and target characteristics, and, finally, sponsorship integration. According to Walliser (2003), there is considerable evidence that recall increases as a function of the duration of exposure to sponsors, previous brand awareness of sponsors, message length

and design, sociodemographic variables of the spectators such as age, and spectator involvement with, and interest in the activity sponsored. For example, Pham (1992) found that involvement with a soccer game has a curvilinear effect on the recognition of the embedded billboards of the sponsors, and that arousal in reaction to the game has a negative effect on this recognition. Lardinois and Derbaix (2001) found in an experiment that the levels of involvement with sports programs are positively associated with the sponsor recognition scores.

Johar and Pham (1999) suggest that consumers' use of judgment heuristics may also lead to a substantial degree of erroneous recall and recognition. Johar and Pham (1999) investigated the individual heuristics of sponsor identification. If the association between the sponsor and the event has been perfectly encoded, spectators later retrieve the sponsor name from their memory without any problem. Conversely, if encoding has been weak, as is typically the case in cluttered media environments, sponsor identification involves a substantial degree of construction (Pham and Johar 2001). Individuals then use major heuristics to infer sponsor names such as market prominence and brand-event relatedness. In a series of controlled experiments, Pham and Johar (2001) and Johar and Pham (1999) demonstrated that consumers are more likely to attribute sponsorship to brands that they perceive to be more prominent in the market place, such as large-share brands, and semantically related to the event, such as athletic shoe company's sponsorship of a sporting event. The fact that respondents oftentimes rely on heuristics when asked to identify a correct sponsor indicates that the conventional recall and recognition measures may be seriously flawed, and researchers should pursue

ways to partial out respondents' use of heuristics or pure guessing in sponsor identification tests (Walliser 2003).

In sum, despite the allocation of resources to sponsorship, a recent review of the literature shows that the studies of sponsorship effectiveness in terms of awareness have yielded inconsistent findings. The primary reason may be attributed to methodological flaws. This calls for rigorously designed research based on a theoretical framework that guides investigations of sponsor recall and recognition, to better understand the effects of sponsorship (Cornwell and Maignan 1998).

### **Image Enhancement**

Sponsorship is seen as a means to improve perceptions that the company is prestigious, financially stable, credible, able to produce quality products, and so forth. It is also hoped that consumers will credit the company for its sponsorship and generate favorable evaluations and attitudes so the consumers will favor it in later product choices (Keller 2003). Alternatively, marketers may hope that the positive associations of a sponsored event or property will 'rub off' on the sponsoring company. All of these outcomes are considered to be an image enhancement function of corporate sponsorship; it is one of the most frequently identified outcome variables in academic and practice. This section addresses the effects of sponsorship on a sponsor's image.



## What Is the Image of the Sponsor?

Previous research has consistently shown that sponsorship can create a positive image of the sponsor if properly communicated (e.g., Cornwell, Ray and Steinhard 2001; Gwinner 1997; Meenaghan 1991a; Otker 1988; Pope and Voges 1994; Wolton 1988). What is less obvious in the sponsorship literature is a clear conceptualization of a sponsor image. To date, the construct of the sponsor image has not been clearly defined and various terms are loosely equated to the term image. Reflecting the lack of consensus for the definition, the measurement tool for sponsor image has not been consistent either, tapping into the cognitive and/or affective responses of consumers.

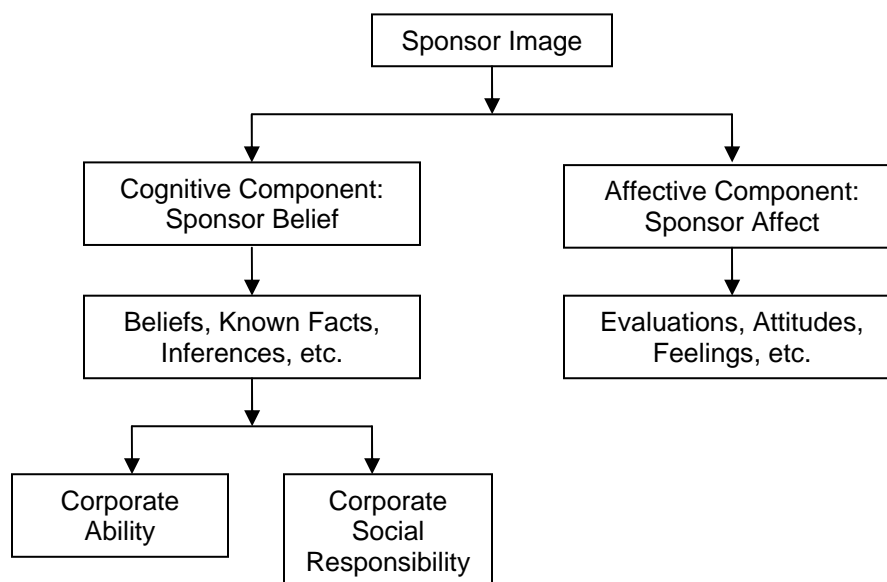
In the present study, the concept of the sponsor image is drawn from corporate image research. According to Johnson and Zinkhan (1990), corporate image has been defined in marketing research over three decades as “an overall perception of the company held by different segments of the public” (p.347), which indicates that the corporate image is ultimately determined by the public. Unfortunately, this definition is still vague in that the “overall perception of the company” may connote various meanings ranging from impressions, feelings and attitudes to mental pictures, associations and inferences; in fact, such terms have been used by other researchers to define corporate image (e.g., Bristol 1960, Barich and Kotler 1991. For example, Barich and Kotler (1991) noted that “we use the term image to represent the sum of beliefs, attitudes and impressions” (p. 95).

However, there is at least one important dimension on which various approaches to the conceptualization of corporate image have differed. It is whether a corporate image

connotes cognitive components or affective components. Although both cognitive and affective components of a company are subsumed under the corporate image umbrella, there is little reason to treat these two components equally. This is because one's cognitive structure, which describes a company, is distinct from how one evaluates a company. For example, individuals may come up with opposite evaluations of a company, even if they perceive the same characteristics, and form a similar mental representation of the company. Hence, corporate image is viewed as composed of two components, one cognitive and one affective.

Consistent with the concept of corporate image, sponsor image connotes overall perceptions of the sponsor held by some segment of the public. This definition reflects two important aspects of sponsor image. First, it implies that sponsor image not only includes cognitive components such as beliefs, known facts and inferences, but also contains affective components such as feelings, evaluations and attitudes.

Figure 4. Structure of Sponsor Image



Second, sponsor image is, by definition, determined by the public's subjective perceptions of the sponsor, rather than by the reflection of objective reality, although the corporation can influence and shape the image of the sponsor by well-managed marketing programs. Therefore, as shown in Figure 4, sponsor image is conceptualized in terms of cognitive and affective components. In this study, the cognitive component of sponsor image is referred to as a "sponsor belief," whereas the affective component of the sponsor image is referred to as the "sponsor affect."

Also, as shown in Figure 4, the cognitive component of sponsor image or sponsor belief is further broken down into two broad categories – corporate ability (CA) and corporate social responsibility (CSR). This conceptualization is consistent with marketing literature in corporate association (Brown and Dacin 1997; Brown 1998). Brown (Brown 1998) defines CA as the degree to which the company is perceived as possessing abilities that make it successful, such as a corporations' abilities to financially perform well or manufactures premium product and services. On the other hand, CSR refers to "the organizations status and activities with respect to its perceived societal obligations" (Brown and Dacin 1997, p. 68), such as a corporation's level of involvement with local community.

In summary, the images of sponsor in this study is viewed to comprising both cognitive and affective components, and the cognitive component of the sponsor image is further grouped into two broad categories of beliefs – CA and CSR.

## Effects of Sponsorship on Cognitive Component of Sponsor Image

This section addresses specific aspects of CA and CSR that corporate sponsors can achieve. There are reasons to believe that firms with sponsorship association would have greater degrees of CA and CSR compared to the firms not involved in sponsorship activities. First, firms' involvement with sponsorship may signal the company's marketing efforts which, in turn, contribute to CA associations (Kirmani and Wright 1989). For example, Quester and Thompson (2001) demonstrated that 47.9 percent of the survey respondents strongly agreed or agreed that firms involved in event sponsorship are successful, while only 2.5 percent of the respondents disagreed or strongly disagreed. Rajaretnam (1994) provided more convincing evidence that corporate sponsorship may positively influence CA. He reports that, during 1984 to 1987, when a tire maker spent almost its entire marketing budget on sponsorship, the perceived size of the company increased by 19.7 percent; the perceived financial health of the company increased by 24.6 percent. Javalgi et al.'s study (1994) also illustrates that sports sponsorship can enhance CA associations. The results of an experiment showed that four of the six image variables improved after the respondents were made aware of a company's sponsorship activity. Specifically, subjects were more likely to believe that corporate sponsors produces good products and services, are involved in the community, and respond to their customers' needs; less likely to perceive that sponsors only wants to make money. McDonald (1991) notes that, when sponsorship is undertaken on a large scale, it automatically confirms the prestige values of a company in terms of the size, financial muscle, and the international status of the company. This is because consumers make

inferences that companies would not be able to sustain a high-level of sponsorship deal unless they had adequate financial resources (McDonald 1991; Pracejus 2004). The recent application of event study analysis also shows that sponsorship can increase the financial value of the sponsor firm (Miyazaki and Morgan 2001), especially if sponsors have logical or matched ties to the activity supported (Cornwell et al. 2001b).

With respect to CSR, a number of studies in sponsorship suggest that corporate sponsorship contributes to the perceptions of CSR. According to Meenaghan (2001b), people are favorably disposed toward sponsorship, exhibiting a certain goodwill factor toward those engaged in sponsorship activities. This goodwill generation function is also regarded as an important marketing goal by marketing practitioners. For instance, Abratt, Clayton and Pitt (1987) found that, among 60 sponsoring organizations, 64 percent of respondents claimed that their sponsorship was altruistic “to a large extent” or “to some extent.” Irwin and Asimakopoulos (1992) identify community involvement as an important objective of corporate sponsorship. They argue that sponsorship is often part of a company’s “good citizenship” effort to improve the life of the community. McDonald (1991) also points out that, when people know about a sponsorship, the company is seen to be entering into a commitment, and indeed taking a risk, on behalf of a cause outside itself which is important to people, and earns goodwill for doing so. This is true for sports sponsorship too. McDonald (1991) argues that, for some sports, sponsorship is seen as more than just desirable; it is necessary for survival. Those who follow the sport keenly tend naturally to have the strongest responses, but people are capable of altruism and can recognize the value to others, even if they are not interested themselves. It is perceived as a “good thing to do,” and this rubs off on the company. Stipp and Schiavone (1996) argue

that sponsorship of a global event such as the Olympic Games can also contribute to the socially responsible image because a strong association between the Olympics and the company produces a remarkably positive image of the company being “responsible” and that it “contributes to worthwhile causes” in the viewers’ minds. Dean (2002) demonstrated that event sponsorship resulted in a significant enhancement of corporate community relations, and this relationship was mediated by the perceptions of corporate altruism. According to Gardner and Shuman (1988), sponsorships affect financial institutions and community leaders and may create awareness among potential investors and a good community reputation, which can improve capital investments and civic cooperation, respectively.

Likewise, empirical studies support that corporate sponsorship results in goodwill generation. Nonetheless, it may vary by many factors such as event size or type. Meenaghan (2001a), for instance, notes that not all types of sponsorship engendered similar levels of goodwill. He suggests that categories such as social causes, environmental programs, and cultural activities encouraged greater degrees of goodwill than the sponsorship of sports and the popular arts. Similarly, McDonald (1991) argues that, when the interests of the sponsor are suspected to be in conflict with the interests of the sports (e.g., when a company only sponsors an already successful event or ignores those who need the money like the young and amateurs), consumers are less likely to perceive that the sponsors are socially responsible (McDonald 1991). He theorizes that the social aspects of sponsorship – that it helps the weak who lack resources – are very important to the general goodwill, and whenever possible and appropriate, people should be told about these aspects for sponsors to achieve their desired outcomes. Therefore, it is

very important for sponsors building a socially responsible image through sponsorship not to be perceived by consumers as exploiting the sponsored event or property too much.

### Effects of Sponsorship on the Affective Component of Sponsor Image

Firms have long attempted to enhance their corporate image, and cultivate a favorable attitude in the minds of consumers by sponsorship (Walliser 2003). There are two approaches that address the affective component of sponsor image.

First, researchers have theorized that the feelings and attitudes associated with an event or property being sponsored rub off onto the sponsoring company. Pracejus (2004) notes that the more a consumer likes a sponsored event, the more positive feelings will be generated about the sponsoring brand; the associative linkage between brand and event would facilitate the transfer of positive affect from event to the sponsor. Gwinner and Eaton (1999) report empirical evidence demonstrating that feelings associated with sporting events transfer to a company by sponsorship linkage in a laboratory experiment. Using each of the ten adjectives for three different sporting events (e.g., calm, active, youthful, thrilling, masculine etc.), which have been identified as most useful in describing the sponsor and the sporting events, Gwinner and Eaton (1999) found that subjects in the sponsorship pairing treatment were more likely to report similarities on event-brand ratings of each adjective than subjects who were not exposed to the event-brand sponsorship link. Similarly, based on interviews of a total of 505 people in Germany who watched the Davis Cup tennis tournament in 1985, Ryssel and Stamminger (1988) argue that a number of adjectives describing tennis players, such as sociable,

friendly, warm and likeable, can transfer to the sponsors of tennis players. Stipp and Schiavone (1996) demonstrate that attitude toward the Olympics can actually rub off onto Olympic sponsors. Through multiple regression analyses, they found that the attitude toward Olympic sponsorship in general had a significant impact on a sponsor's image.

According to Pracejus (2004), the process through which positive feelings and attitudes toward a sponsored event or property transfer to the sponsor requires very little cognitive elaboration, although such elaboration might be beneficial to the transfer taking place. This mechanism is analogous to affect transfer in an advertising context, whereby one's attitude toward the ad transfers to one's attitude toward the brand, with little cognitive mediation (MacKenzie and Lutz 1989; MacKenzie, Lutz and Belch 1986).

However, it is unlikely that the direct transfer of an affective connection from a sponsored property to a sponsor is the only mechanism explaining the affective component of sponsor image. The second approach is to theorize that corporate sponsorship influences global attitude toward the sponsor, which represents the degree of favorability (Lutz 1981) or the summary evaluations with respect to an attitude object (Fazio 1995; Herr and Fazio 1993), via cognitive mediation. That is, if a consumer learns about a company, such as when an individual becomes aware of a sponsor-event relationship, this learning, in the form of a belief, gives rise to an attitude. This view is consistent with a number of attitude theories that view beliefs as an important and consistent factor leading to strong attitudes. For example, the unidimensional view of attitude (Lutz 1981) considers beliefs as the immediate causal antecedents of attitudes; the traditional hierarchy-of-effects models in advertising posit cognition-affect-conation flow (Lavidge and Steiner 1961), and the summative approach in attitude theory suggests



ordered delineation of beliefs, attitudes and behavioral intentions (Fishbein and Ajzen 1975).

Although plausible, it is surprising that very little empirical research has directly tested the causal relationship between beliefs and the attitudes toward a sponsor. The only study investigating a belief-attitude-intentions hierarchy in sponsorship research is provided by Madrigal (2001), but her primary concern was the relationships between belief strength and purchase intention, and didn't tap into the relationship between beliefs and attitude. Nonetheless, many researchers seem to agree that strong beliefs about the sponsor are highly correlated with the attitudes toward the sponsor, thereby positively influencing the image of sponsor. For example, Stipp and Schiavone (1996) measured attitude toward sponsor with a number of Likert-type scales using several belief statements such as "official Olympics sponsors provide money to help athletes train," and "...promote the Olympic ideal of international friendship," etc. This indicates that the authors implicitly assume a relationship between beliefs and attitudes toward sponsors. Furthermore, they used the terms "attitude toward a sponsor" and "corporate sponsor image" interchangeably, reflecting that they consider attitude toward sponsors an important component of corporate sponsor image. A similar study is provided by Quester and Thompson (2001), who used belief items, such as "companies that sponsor the arts seem to be successful," and "sponsors are only after consumers' money," etc., to measure a construct called the global attitudes toward sponsorship.

## **Profit Generation**

Most communication outcomes examined in sponsorship research, such as awareness and image, only provide insights into the long-term effects of sponsorship, which offer little immediate justification for the expenses of incurring the sponsorship and the subsequent expenditures required to support the sponsorship investment (Kinney and Bell 2004). However, as Meenaghan (1998) notes, corporate sponsors look for more tangible proof of delivered value, if sponsorship is to sustain its rapid growth. This section discusses more immediate and quantifiable effects of sponsorship that directly relate to the sponsor's profit-generation ability, including the influence on stock prices, intention to purchase products from a sponsor, and direct sales impact.

### Influence on Stock Prices

The most common approach to explore a more immediate indicator of the perceived value of the sponsorship has been to explore the relationship between the sponsorship and stock prices. Cornwell, Pruitt, and Van Ness (2001) used the Event Study Methodology (ESM) to investigate the impact of winning a high-profile automobile race on the winning racing team's publicly traded sponsor partners. They noted that several controllable and uncontrollable variables impact stock prices, especially brand-event congruency. The results suggest that sponsors with logical or matched ties to the consumer automotive industry registered statistically and economically significant gains in their stock prices around the time of their sponsorship

victories. Miyazaki and Morgan (2001) also investigated brands sponsoring the 1996 Summer Olympic Games in Atlanta, Georgia. Using ESM, they examined whether official announcements of sponsorship can influence movement in the sponsor's stock prices. The results demonstrate a positive cumulative abnormal return, which provides evidence that the purchase of sponsorship rights for the Olympic Games is a justifiable expense for the sponsors. More recently, Clark, Cornwell and Pruitt (2002) found that corporate stadium sponsorships can significantly enhance the stock prices of sponsoring companies. Using the OLS market model, they found that the average stadium sponsors' stock prices increased by 1.65 percent at the time of the announcement of the programs – a result considerably in excess of the returns associated with other major marketing programs such as celebrity endorsers.

However, there are also empirical evidences of null effects or negative effects of sponsorship announcements on stock prices. For example, Kinney and Bell (2004), also using ESM, failed to find significant impacts of sports sponsorship announcements on stock prices, regardless of the type (i.e., tennis, baseball, etc.) and scope (i.e., local, national, etc.) of the sponsored event. In regard to the null effects of sponsorship announcements, Kinney and Bell (2004) admitted several methodological limitations, including a lengthy time lag between the announcement and the actual event (e.g., years may pass between the announcement and competition), and the nature of the sponsorship announcements, which often appear as brief components of general business articles. They also argue that not seeing immediate financial market results should not discourage marketing communication managers from sport sponsorship opportunities because sponsorships are generally managed for the long term effects.

## Influence on Purchase Behavior

Literature suggests that an individual's psychological connectedness to a sponsored property, such as an event, cause, organization or sports team, prescribes certain behavioral intentions that are considered to be supportive of the sponsored property. For instance, Madrigal (2000) suggests that loyalty toward a preferred team may have beneficial consequences for corporate sponsors. Consistent with the idea of in-group favoritism, higher levels of team identification among attendees of a sporting event appear to be positively related to intentions to purchase a sponsor's products. Moreover, the findings provide evidence of the normative pressure associated with referent information influence. Favorable purchase intentions are more likely to occur when such intentions are perceived as important to other members of the group. Madrigal (2000) theorizes that the psychological connectedness to a sports team represents an important aspect of self-identity that contributes to a group norm which, in turn, prescribes certain behavioral intentions that are considered to be supportive of the team.

Similar results were found in the study investigating NASCAR fans. NASCAR has been famous for consumer-based focus groups. Data has been widely reported that indicates that consumers are positively influenced in their purchasing by a company's participation in NASCAR sponsorship. For example, data collected from a national probability sample of 1,000 individuals who described themselves as NASCAR fans indicated that 71 percent of the respondents said they "almost always" or "frequently" chose brands of NASCAR sponsors over competitors simply because of the sponsorship. Moreover, 42 percent said that they switched brands after a manufacturer became a

sponsor (IEG Sponsorship Report 1994). Similarly, Crimmins and Horn (1996) note that approximately 48 percent of NASCAR fans said they would "almost always" purchase a sponsor's product over that of a closely priced competitor, and 42 percent said they actually switched brands when a manufacturer became a sponsor. Also, Pitts (1998) found that the participants of the Gay Games were incredibly loyal to the sponsors. Results of Irwin, Lachowetz, Cornwell and Clark's (2003) survey during the 2000 FedEx St. Jude Classic Golf Tournament suggest that consumers' purchase intentions toward the sponsoring company were positively impacted by the firm's involvement with the cause-related sport sponsorship activity. For example, when asked if they "would be willing to pay more for a service that supports a cause I care about," 68 percent of respondents agreed or strongly agreed with that statement.

### Influence on Sales

Although a sales increase is the desirable outcome of any marketing communications, it is very difficult to exclusively attribute that increase to any individual marketing mix element and consequently to the communication campaign. However, contrary to this theoretical argument, many marketers persistently evaluate communication campaigns, including sponsorship programs, exclusively on the achievement of sales objectives.

Coca-Cola uses sales data as important measures of the effects of Olympic sponsorship (Perez 2003). Research on sales during the 2002 Olympic Games found that sales increased in the US, Japan, Mexico and Germany more than five percent

(International Olympic Committee 2002). Bass Brewery's sponsorship of the Carling Premier Football League in England was specifically aimed at men over the age of 18. This highly visible association clearly added to the perceived customer value of the product as reflected by a 15 percent growth in sales of Carling beer, an increase which Bass attributed almost entirely to its Premier League sponsorship (Paragon 1996 cited in Amis, Slack and Berett 1999). Bass's faith in the sponsorship was exemplified by its decision to extend the agreement for an additional four years, until the end of the 2001 season, at a cost of 36 million euros, triple the amount it paid to secure the original rights for the four seasons between 1993/1994 and 1996/1997 (Amis, Slack and Berett 1999).

The effects of sponsorship on sales are not limited to the sponsorship of sporting events. Hamaker (1984) reported that Texaco Oil Company increased its sales by sponsoring a radio program. Since 1940, Texaco has sponsored radio broadcasts of the Metropolitan Opera. The company limits its corporate usage time to less than two minutes per broadcast and only briefly mentions its petroleum products. Nevertheless, research indicates that significant numbers of opera listeners make a special effort to buy Texaco products and that the company has two-and-a-half times its normal market share among motorists who regularly listen to opera broadcasts (Hamaker 1984).

## **CHAPTER V.**

### **HOW SPONSORSHIP WORKS**

Sponsorship is a means of persuasion, but sponsorship does not try to change perceptions of the brand in a frontal assault. According to Crimmins and Horn (1996), sponsorship improves the perception of a brand by flanking our beliefs about the brand and linking the brand to an event or organization that the target audience already values highly. However, gaining commercial advantage through association with an event or property is a complicated proposition. As discussed in the previous chapters, events and properties (sports or otherwise) are culturally bound and meaning laden. They can invoke in consumer audiences complex scripts and multiple associations. Events can vary in size and prestige. Some associations represent a strong fit between brand and event, whereas other associations are less logical. Consumers can vary greatly in their involvement in and knowledge of a single event, and sponsors of an event can vary in the amount of presence they have relative to other event sponsors (Pracejus 2004).

Given the number of factors that can be involved in a sponsorship association, Pracejus (2004) notes that “any attempt to study the way sponsorship works is likely to provide an incomplete picture of the process,” (p. 175) and points out that “at present, very little conceptual or empirical work has addressed how it works.” With this limitation in mind, Cornwell and Maignan (1998) acknowledge that there is a “lack of underlying theories and conceptual foundations on which to base scholarly inquiry” in sponsorship research (p. 16).

This chapter attempts to provide theoretical insights into sponsorship research. As Pracejus (2004) suggests that there are multiple ways in which sponsorship works, six distinct mechanisms are proposed in this chapter through which sponsorship influences consumers' perceptions of the sponsors. The mechanisms are not mutually exclusive; thus, two or more may function in any given sponsorship association. Together, however, they represent a reasonably complete set of ways sponsorship works. The six mechanisms are mere-exposure effect, balance theory, affect transfer, image transfer, signal theory and attribution theory.

### **Mere-Exposure Effect**

The mere-exposure effect, whereby preference for a stimulus increases with repeated stimulus exposures, is a robust and important social psychological phenomenon (Harrison 1977). The basic idea of the mere-exposure effect is that, when objects are presented to the individual on repeated occasions, the mere exposure is capable of making the individual's attitude toward these objects more positive (Zajonc and Markus 1982). Although the nature of the affect generated is not fully understood, reliable and replicable exposure effects have been found even for stimuli presented below conscious awareness (e.g., Murphy, Monahan and Zajonc 1995; Bornstein 1989). For example, even for stimuli which the subject had actually confronted before but which s/he thought s/he had never seen, there was a substantial correlation between the actual frequency of exposure and liking, ranging from .43 to .50 (Moreland and Zajonc 1977; 1979).



A typical explanation of how mere-exposure effects might function in a sponsorship context is presented. A consumer goes to an event or watches it on TV and is “exposed” to the brand name. Because repeated exposure to an object has been found to lead to positive affect toward the object (Zajonc and Markus 1982), the consumer feels better about the brand. This good feeling then has benefits to the brand, including, but not limited to, greater attention paid to subsequent commercial communications, positive attitude formation and greater chance of inclusion in the consideration set (Pracejus 2004). In this regard, Pracejus (2004) offered a proposition that the more frequently a sponsor’s name is encountered by a consumer in the context of an event, the more positive feeling he or she has toward the brand.

In the sports sponsorship context, Levin, Joiner and Cameron (2001) provide empirical results that support the basic proposition of mere-exposure effects. Based on Zajonc’s mere-exposure effects, they theorize that even the short, incidental exposure that brand names/logos get during a NASCAR race produces significant, positive attitudes toward the brand. They argue that the general effects of mere-exposure effects have been documented in conditions that are closely related to those of brand exposure during a NASCAR race, such as exposures with brief stimulus-exposure durations, with longer delays between exposure and attitude reporting, and when stimuli are encountered in a heterogeneous sequence. The results of a laboratory experiment demonstrate that, for subjects with high NASCAR involvement, those exposed to a NASCAR sponsorship stimulus generated more positive attitudes toward the sponsors than subjects in the control group not exposed to any sponsorship stimulus.

One limitation of the mere-exposure explanation of sponsorship effects is that it ignores the rich possibilities involved in the association. That is, if all that matters is the number of exposures, then it would, for example, make no difference whether a brand name was seen on the side of a race car or on the side of a barn (Pracejus 2004).

### **Balance Theory**

Dean (1999; 2002) and Crimmins and Horn (1996) suggest Heider's (1958) balance theory as a plausible explanation of how sponsorship works. Balance theory (O'Keefe 2002; Lutz 1981) considers the relations among objects the consumer may perceive belong together or linked by association. This theory envisions a triangular relationship among three elements. The theory specifies that the attitude is represented by its valence, and people desire the relations among the elements in the triad to be harmonious, or balanced. Also, this theory posits that people may alter their attitudes in order to achieve consistency among the elements. For example, a balance theory explanation of sponsorship suggests three elements linked in a triangular relation: the sponsor, the sponsored event, and the consumer. If the consumer has a preexisting positive sentiment toward the sponsored event, it is likely the consumer will form an attitude to be positive toward the sponsor. This occurs because consumers are motivated to achieve a balanced state, and it would be unstable (unbalanced) to have a positively valued element linked to a negatively valued element.

Based on Heider's (1958) balance theory, Crimmins and Horn (1996) posit that, given the relative weakness of many brand beliefs, the impact of associating a lowly

valued brand with a highly valued event should usually lead to an upward estimation of the brand. Using proprietary, longitudinal, consumer panel data, Crimmins and Horn (1996) found that about 20 percent of Olympic sponsors successfully achieved an appreciable boost in the perceived superiority of their products over those of non-sponsors during the Games. They also note that Visa doubled its percentage point perceived superiority over MasterCard during the 1992 Summer Olympic Games, a time during which Visa was a sponsor of the U.S. Olympic Committee. They reasoned that consumers apparently thought more highly of Visa because the brand was linked to a very well-liked event through sponsorship. Similarly, Dean (1999; 2002) theorized sponsorship effects based on Heider's balance theory. Dean (1999) notes that the sponsors hope that the consumer will have a positive valuation toward the sponsored event, and that in the presence of the company's expressed positive sentiment toward the event (linkage), the consumer will form a positive sentiment toward the company. More recently, Dean (2002) demonstrated in an experiment that company sponsorship of a well-liked charitable event resulted in more favorable consumer perceptions of the firm on the variable of corporate community relations.

Although balanced theory provides a parsimonious explanation of how sponsorship works, the application of balance theory in empirical research is limited by the nature of the theory. This is because balance theory does not allow for quantitative variation of the valences because all relations are assumed to be either positive or negative, so there is no degree of positiveness (Lutz 1981).

## **Affect Transfer**

Affect transfer is a mechanism which has received some mention in the sponsorship literature. According to Pracejus (2004), affect transfer in the sponsorship context refers to “positive feelings toward an event or cause transferring to the sponsoring brand through the sponsorship association” (p. 177). He notes that this mechanism requires no cognitive elaboration, and does not require conscious awareness of the association, although such awareness might be beneficial to the transfer taking place. The theoretical foundation of affect transfer mechanisms derives from the classical conditioning approach to attitude formation (Shimp 1981; Mitchell and Olson 1981). According to this perspective, attitudes may be formed by repeatedly pairing a neutral (unconditioned) stimulus with a positively or negatively evaluated (conditioned) stimulus (Mitchell and Olson 1981). For example, an unknown brand name (unconditioned stimulus) could be paired in an advertisement with pleasant music (conditioned stimulus) that evokes positive feelings; this association might cause the positive feelings evoked by the music to become conditioned to the brand name.

In advertising research, Shimp (1981) uses the classical conditioning approach to explain how attitude toward an advertisement is transferred to attitude toward a brand, a mechanism analogous to the affect transfer in the sponsorship context. He notes that, with minimal cognitive processing, “in the absence of an alternative source for forming an evaluation of a brand, the consumer may simply transfer his feeling for the ad to the brand” (p. 12). Mitchell and Olson (1981) provide empirical support. The results of an experiment show that subjects’ brand attitudes were largely determined by their affect for

the ads themselves rather than being solely dependent on their beliefs. MacKenzie et al. (1986) and MacKenzie and Lutz (1989) also note that one's attitude toward the ad "transfers" to one's attitude toward the brand. Similarly, in the context of celebrity endorsers, Misra and Beatty (1990) demonstrated the transfer of affect from the spokesperson to the brand.

In sponsorship research, Speed and Thompson (2000) used the classical conditioning perspective to theorize that consumers' responses to a sports sponsorship are affected by attitudes toward the event, just as respondents' attitude toward the unconditioned stimulus affect the responses to the conditioned stimulus. The result of survey data from 195 respondents demonstrated that the respondents' attitude toward the event and degree of liking were positively associated with the respondents' likelihood of using the sponsor's product.

Although the affect transfer mechanism provides a plausible explanation for how attitudes toward a sponsored event or property rub off onto the sponsors, it does not explain how more abstract associations or meanings of a sponsored event or property affect consumers' responses to the sponsor. The following section addresses this issue.

### **Image Transfer**

Image transfer refers to the assignment of an abstract event association to the brand, which is distinct from the affect transfer process that assigns event-based affective responses to the brand (Pracejus 2004). The message of image transfer is that, along some dimension, this brand is like this event. The image transfer mechanism has been

identified as taking place as a result of a number of marketing related activities.

McCracken (1989) comes closest to a formal definition in his research on the way image transfers from a celebrity endorser to the endorsed brand in advertising. The transfer is seen as the transfer of meaning. That is, meanings associated with the celebrity become associated with the product in the mind of the consumer (McCracken 1989). Extending this concept of meaning transfer from the celebrity endorser literature, it is suggested that events act in a manner analogous to endorsers in the transfer of the image to sponsoring brands. Just as consumers associate celebrities with certain meanings, so too are events associated with particular attributes and attitudes. It is suggested that these associations are derived from the event's type, event characteristics, and several individual consumer factors (Walliser 2003); this is similar to the meaning attributed to a celebrity image being formed by the various roles he or she occupies.

Meenaghan (1991a) gives as an example of how a "very American" company, Gillette, was made to seem "more British" through its sponsorship of cricket, a traditionally British sport. Similarly, Meenaghan (1991a) illustrates how managers use sport sponsorship to alter a company's image by reporting the case of a cosmetics firm, Yardley. Here, managers invested heavily in Formula 1 motor racing in an attempt to dilute the feminine connotations traditionally associated with the company's products. The venture was so effective that Yardley was able to successfully introduce a line of male cosmetics. Shaw and Amis (2001) also illustrate the potential for image transfer in a sponsorship context. As women's sport is largely identified as "clean," both in terms of having few sponsors and in terms of image (McDonald 2000), there is a strong possibility

that firms who enter into sponsorship deals with women's sports may be able to establish a clear, identifiable brand image with that sport (Shaw and Amis 2001).

Apart from sponsorship research, much research has examined image transfer effects in terms of country-of-origin effects (Li and Wyer 1994), co-branding effects (Kumar 2005), leveraging secondary associations (Keller 1993, 2003), and so on. This stream of research considers the transfer of image a consumer learning process.

### **Signal Theory**

According to signal theory (Spence 1973; Kirmani and Wright 1989; Boulding and Kirmani 1993; Inman 1995; Kirmani and Rao 2000), extrinsic marketing cues such as advertising expense, warranty, price or brand name influence consumers' expectation about a company or a brand. The basic premise is that consumers encode information provided by marketers to form beliefs about the company, which, in turn, evoke a tentative inference allowing consumers to go beyond the information given. In the context of event sponsorship, event-specific factors such as event size may serve as a cue that influences consumers' beliefs about the sponsor.

Signal theory has been commonly used in advertising and brand research. Kirmani and Wright (1989) specified how consumers can perceive advertising costs as signal in the following three ways: (1) perceived cost may act as a signal of a manufacturer's advertising effort, which indicates managerial confidence in the product; (2) consumers may perceive a correlation between advertising costs and product quality in the marketplace; or (3) perceived costs may indicate a firm's financial strength.

Similarly, Erdem and Swait (1998) suggest that the credibility of a brand as a signal of the product's position may increase perceived quality, and decrease information search costs and the risk perceived by consumers.

Parallel to the application of signal theory in brand research, consumers may perceive the value of sponsorship as a credible signal of a corporate position. Meenaghan (2001b) indicates that sponsorship is seen as a "rite of passage," something only undertaken by big companies who are large enough and therefore have adequate funding to undertake such activity. This interpretation is interesting in that the very fact of undertaking sponsorship is itself likely to transfer values such as size, status and security. Rajaretnam (1994) found evidence that sponsorship signals the financial stability of the sponsor and perceived size of the company. Similarly, Clark, Cornwell and Pruitt (2002) found that stadium sponsorship agreements are interpreted by financial market investors as effective signals of expected future profitability. McDonald (1991) also argues that, when sponsorship is undertaken on a large scale, it automatically confirms the prestige values of a company such as the company size, financial muscle and international status. This is because a consumer must, at some level, think to him or herself that companies would not be able to sustain a high-level sponsorship deal unless they had adequate financial resources (McDonald 1991; Pracejus 2004). Overall, the findings of the studies are consistent with the proposition that the real value-added of a sponsorship may lie in its ability to serve as an effective or "honest" signal of managerial confidence, manufacturing ability, financial stability of the company, etc. (Clark, Cornwell and Pruitt 2002).



In sum, the literature suggests that sponsorship can serve as a credible signal of consumers' perceptions of product quality, financial stability, future return for investment, etc. These variables are directly related to CA associations. Signal theory, however, does not provide compelling evidences to justify the value of sponsorship in building sponsor beliefs relevant to CSR. The next section addresses this issue.

### **Attribution Theory**

Attribution theory assumes that average people have theories or common sense explanations of what causes should be related to what effects, and come to attribute events to one or more of their possible causes (Ross and Fletcher 1985; Folkes 1988; Kelly 1972; Heider 1958; Mizerski, Golden and Kerman 1979). Kelley (1972) proposed an analysis of causation based on the plausibility of possible causes. According to this view, consumers scan available information for potential causes of a given behavior or results and take into account whether there are multiple plausible causes and whether these causes are facilitative or inhibitory in relation to the observed results. This framework assumes that consumers construct a mini-theory of the target's behavior on the basis of causally relevant cues (Eagly and Chaiken 1993), and this creates theory-driven expectations (Ross and Fletcher 1985). According to Kelley's (1972) discounting principle, consumers discount or minimize an explanation if an alternative explanation exists. Research in attribution theory has consistently shown that, when extrinsic motivation explains an event, intrinsic motivation is discounted.

In consumer research, attribution theory suggests that, to the extent evidences confirm marketers' ulterior motive, consumers will be less likely to perceive persuasion agents as credible or morally acceptable (Folkes 1988). For example, consumers infer reasons for a product endorser's recommendation, i.e., why did the celebrity agree to appear in the advertisement? (e.g., Sparkman 1982). In a cause-related marketing context, Webb and Mohr (1998) conducted 48 in-depth personal interviews and demonstrated that consumers care about and respond to the motives of sponsors in cause-related marketing campaigns. Respondents' attitudes toward the firms that participate in such campaigns were mixed, with approximately half the sample expressing negative attitudes. The negativity stemmed from skepticism about implementation, cynicism about the firm's motives, or both. When asked directly about the firm's motives, approximately half mentioned only self-serving goals, whereas the other half credited the firm with at least some altruistic goals.

Similarly, in sponsorship research, Dean (2002) suggests that consumers will try to develop a common sense explanation of why a sponsor has contributed money (or other resources) to an event. Rifon et al. (2004) suggest that attribution theory would posit that consumers cognitively infer a motive for the sponsorship behavior; an altruistic motive attribution could provide the foundation for positive belief, image and attitude toward sponsors. Conversely, consumers might attribute a more exploitive motive to the sponsor, which would create a less desirable sponsor image, beliefs, and attitude. In a series of experiments, Rifon et al. (2004) demonstrated that corporate sponsorship of a disease preventions Web site generated consumer attributions of altruistic sponsor

motives, which subsequently enhanced sponsor credibility and attitude toward the sponsor.

However, note that the positive impacts of sponsorship are not always warranted. Walliser (2003) points out that the perceived benefit and returned goodwill seem to be negatively related to the perceived exploitation of the event, and suggested that the right balance between visibility and perceived exploitation has to be found for each sponsorship activity. This is because, if consumers perceive that the amount of reward a sponsor receives from the sponsorship exceeds the amount of contribution to the event, this leads consumers to attribute some hidden goals to the firm's motivations for sponsorship. Therefore, to the extent that the sponsorship program is viewed as more than a profit-making effort, corporate image, and, in turn, brand attitude, may be enhanced as consumers perceive the company as being involved in the community, responsive to customer needs, and committed to worthwhile events (Javalgi, Traylor, Gross and Lampman 1994); this ultimately increases CSR associations.

## **CHAPTER VI.**

### **OVERVIEW OF EMPIRICAL INVESTIGATION**

Previous chapters present a comprehensive review of sponsorship literature that clarifies the concept of sponsorship (See Chapter 2), specifies important factors involved in sponsorship association (See Chapter 3), reviews potential outcomes of sponsorship (See Chapter 4) and provides six distinct psychological mechanisms through which sponsorship functions to impact consumers' perceptions of the sponsors (See Chapter 5). The scope of the dissertation is narrowed and three empirical studies are presented in the next three chapters to answer specific research questions and to test hypotheses (Chapter 7 through Chapter 9).

The purpose of this chapter (Chapter 6) is to provide an overview of the three studies presented in the next three chapters. These three studies aim to answer “how” and “why” consumers' perceptions of event characteristics affect the beliefs about a corporate sponsor, i.e., corporate ability (CA) and corporate social responsibility (CSR), in order to better understand the manner in which sports sponsorship affects the ways consumers perceive a sponsor at a corporate/company brand level.

#### **Background and Purposes of Research**

The use of corporate sponsorship to manage corporate brand image is growing rapidly (See Chapter 1). Firms enter into sponsorship arrangements with a variety of goals, and most firms expect a reasonable return on their sponsorship investments (e.g.,

Marshall and Cook 1991; see also Chapter 3). One of the most frequently mentioned goals of sponsorship is to establish, strengthen, or change brand image, namely an “image enhancement” function of corporate sponsorship (e.g., Cornwell and Maignan 1998; Gwinner 1997; see also Chapter 4). Unfortunately, many brand managers to date do not seem to have a reasonable rationale to determine the appropriateness of events (or any other sponsored entity) to be paired with their companies through a sponsorship contract (Cornwell and Maignan 1998). Therefore, the decisions to enter into a sponsorship deal are oftentimes based on the practitioners’ “instinct” or “personal interest” (O’Neal, Finch, Hamilton and Hammonds 1987). Worse, there is a lack of empirical research in academia to guide practitioners to make better decisions to maximize the potential outcomes of the sponsorship investments.

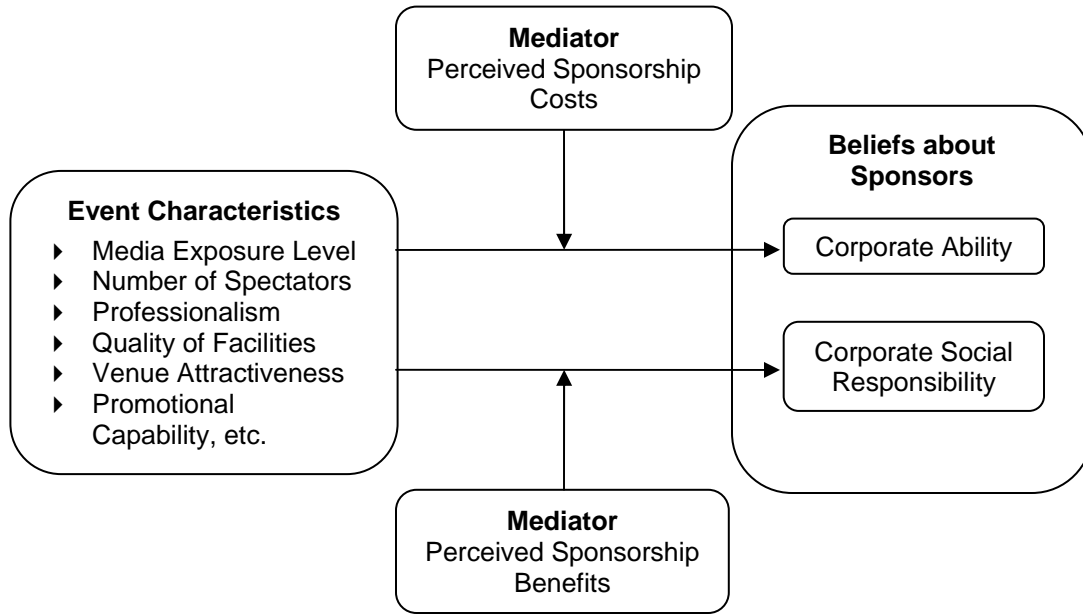
Both practitioners and researchers, however, agree on at least one aspect of the image enhancement function of sponsorship: Different events will lead to different images for the sponsors. For example, corporate sponsorship of the major league baseball games and of the minor league baseball games can both affect the image of the sponsors, but the resulting images may be very different. Although it has been an interesting and important issue in sponsorship research and practice to investigate how different events result in different sponsor images, no study has systematically examined the relationships between consumers’ perceptions of sponsored events and the image of a sponsor, nor is there any research to support a general rule to guide practitioners’ decisions.

There are two primary reasons for the lack of research in this area. First, there has been a lack of conceptualization of the key variables necessary to perform empirical investigations. Although researchers have taken various approaches to examine the image

enhancement function of corporate sponsorship, there has been no consensus on what constitutes and how to measure the image of the sponsor. Similarly, there have been no systematic attempts to define and measure consumers' perceptions of event characteristics. Secondly, although researchers have suggested that there are multiple dimensions of event characteristics, and that consumers' perceptions of event characteristics do affect the image of sponsors (Gwinner 1997), the theoretical justifications are lagging behind. Without sound theoretical justifications, it is not surprising that many studies are based on field research and the findings are mostly descriptive. This makes it difficult to understand "how" and "why" different event characteristics affect the image of sponsors – one of the key issues necessary for practitioners to make multi-million dollar sponsorship decisions. The three research studies presented in the next three chapters aim to fill this gap.

Under the overarching goal to understand "how" and "why" consumers' perceptions of event characteristics affect the image of the sponsor, three empirical studies are presented in the next three chapters. Chapter 7 and Chapter 8 together aim to validate the factor structures of the key constructs, such as consumers' perceptions of event characteristics and the beliefs about sponsors (i.e., CA and CSR beliefs), and to identify possible variables that mediate the relationship between consumers' perceptions of event characteristics and the beliefs about the sponsor. Based on the results found in Chapter 7 and Chapter 8, Chapter 9 provides the psychological mechanisms by which consumers' perceptions of event characteristics affect beliefs about the sponsor, and tests a series of hypotheses comprising two causal models.

Figure 5. Conceptual Framework Describing the Impacts of Event Characteristics on Beliefs about Sponsors, Through the Mediation of Perceived Sponsorship Costs/Benefits



The conceptual framework shown in Figure 5 articulates what would constitute consumers’ perceptions of event characteristics, and how such perceptions of event characteristics would affect CA and CSR beliefs. Also, as shown in Figure 5, “perceived sponsorship costs” and “perceived sponsorship benefits” are identified as the mediating variables of the relationship between the perceptions of event characteristics and CA and CSR beliefs, respectively. Theoretical justifications and rationales are detailed in the subsequent three chapters.

### Scope of the Empirical Research

The abovementioned purpose of this study sets the scope of the empirical research in several important ways. First, the domain of sponsorship under scrutiny is limited to

sports (e.g., sporting events, leagues, tournaments or properties). The importance of sports in sponsorship research is well documented in Chapter 3. The most compelling reason to investigate sponsorship effects in the sports domain is that sports have retained their position as the leading category for sponsorship throughout the history of sponsorship (Quester and Thompson 2001). For example, sports sponsorship accounts for approximately 70 percent of the total sponsorship expenditures in North America (Keller 2003; Stotlar 2004) and worldwide (*Brand Strategy* 2005). Nonetheless, much research in sports sponsorship addresses only general objectives or consequences without empirical evidences. Although a few empirical studies exist, most have taken simplistic approaches to examine recall, recognition or overall attitudes without well established theoretical justifications (Maignan and Cornwell 1998). Therefore, there is a need to broaden our understanding of sponsorship effects in the area of sports with theory based hypotheses and empirical evidences.

Second, the effects of sponsorship are examined at a corporate/company brand level. There are ample evidences suggesting consumers are paying more attention to the company that manufactures and/or markets a product than ever. Cases of corporate scandals and misdeeds illustrate how important consumer trust in a firm is. The well-publicized corporate misconduct has caused consumer mistrust of major companies such as WorldCom, Enron and Exxon; this has led to serious, long-term damage to their corporate images and sales (Bovee and Arens 1992). It is also clear from the literature that consumers no longer choose a particular product, based solely on the individual brand or salient product attributes, but that the buying decisions are significantly affected by various aspects of the company that manufactures the products. For instance, one



survey indicated that a firm's environmental reputation impacted the purchasing behaviors of over 75 percent of survey respondents (Kirkpatrick 1990). In sponsorship, it is hoped that consumers will credit the company for its sponsorship and generate favorable evaluations and attitudes so they will favor it in later product choices (Keller 2003). In sum, consumers are concerned about the company behind a product or service; therefore, investigating sponsorship effects at the corporate/company brand level will help marketing practitioners strategically develop marketing plans. Also, note that, as discussed in Chapter 3, corporate and company brands are used interchangeably, recognizing that consumers may not necessarily draw a distinction between the two or recognize that corporations may subsume multiple companies (Keller 2003).

Third, this dissertation explores the image enhancement function of corporate sponsorship. The image enhancement function of corporate sponsorship is worth examining not only because sponsor image is one of the most frequently identified outcome variables in academic research, but also because enhancing the image of a sponsor is considered an important marketing goal for many marketing practitioners. Chapter 4 presents that the image of a sponsor consists of two components, one cognitive and the other affective. Of the two components of the image of a sponsor, only the cognitive component – consumers' beliefs about a sponsor – was the focus of this study. Although both cognitive and affective components have their own merits to examine, most research in sponsorship has examined the affective component of the sponsor image such as feelings and attitudes toward a sponsor, and the cognitive component of the sponsor image has not gained its due recognition from the academic research. Also, cognition or beliefs have long been viewed as an important factor leading to strong

attitudes in attitude and advertising theories (e.g., Fishbein and Ajzen 1975; Lavidge and Steiner 1961; Lutz 1981), and, therefore, should serve as an important construct to examine in the sponsorship context.

Fourth, consumers' perceptions of event characteristics are specified as the key construct influencing the image of a sponsor. Event characteristics are one of the important managerial dimensions identified in Chapter 3. Proper understanding of the structure and the effects of event characteristics will help brand managers exert control over their sponsorship programs, because it provides practitioners with useful information for selecting an appropriate event for conveying the messages that the company wants the public to hold. In addition, although there are anecdotal accountings suggesting that the perceptions of event characteristics affect the image of a sponsor (e.g., Pracejus 2004), empirical evidences in this area are limited. In this regard, consumers' perceptions of event characteristics are selected as one of the key constructs to investigate.

Fifth, this dissertation focuses on the consumer's image of the company, rather than the image of the company held by other stakeholders. As discussed in Chapter 4, corporate image has been defined as "an overall perception of the company held by different segments of the public" (Johnson and Zinkhan 1990, p.347). This indicates that different stakeholders may possess different images of a company. Clarkson (1995) categorizes various stakeholder groups, such as consumers, employees and suppliers, into primary and secondary stakeholders groups. The primary stakeholder group includes those individuals or organizations indispensable to the survival of the corporation, while the secondary stakeholder group includes those who affect or are affected by the corporation, but are not essential for its survival. Recognizing the importance of

consumer groups in sponsorship, Crimmins and Horn (1996) note that “a sponsorship is worth millions of dollars primarily because it can have an impact on millions of consumers” (p. 11). Therefore, a consumer group is selected for empirical investigation, as it is the consumer who has the ultimate buying power and who sets the market prices.

Last but not least, signal theory and attribution theory serve as a theoretical foundation for the proposed research questions and hypotheses. Signal theory explains why firms make efforts to signal information about the company to consumers which is otherwise unobservable yet important to belief/attitude formation and market choices (Spence 1973). This view is directly relevant to the primary independent variable – consumers’ perceptions of event characteristics – because it rationalizes why different dimensions of event characteristics would matter in a corporate sponsorship program. Attribution theory is also important in the present study because it explains how consumers develop a commonsense explanation of why a sponsor has contributed money to an event, which has shown to affect the way people form beliefs and attitudes toward the sponsor (Dean 2002). Therefore, signal and attribution theories provide the theoretical foundation for the proposed research.

## **CHAPTER VII.**

### **STUDY 1: VALIDATING THE FACTOR STRUCTURE OF CORPORATE ABILITY AND CORPORATE SOCIAL RESPONSIBILITY**

This dissertation focuses on the image enhancement function of sports sponsorship. One of the difficulties in investigating the image enhancement function of sponsorship is that researchers have yet to provide conclusive conceptualization of what is meant by “the image” of the sponsor, and no study has validated a scale to measure the image of the sponsor. As the first step to examine the image enhancement function of sports sponsorship, therefore, Study 1 examines the factor structure of the image of a corporate sponsor, especially the cognitive component of the sponsor image – corporate ability (CA) and corporate social responsibility (CSR) beliefs. The theoretical background for examining the factor structures of CA and CSR beliefs is presented, followed by the research method and findings.

### **THEORETICAL BACKGROUND AND RESEARCH QUESTION**

#### **Corporate Ability and Corporate Social Responsibility**

As detailed in Chapter 4, the image of sponsors consists of both cognitive and affective components. This research is particularly concerned with the cognitive component of the sponsor image (See Chapter 6 for rationale). Consistent with the literature on corporate association (Brown and Dacin 1997; Brown 1998), the cognitive component of the sponsor image is further broken down to two broad categories of

beliefs: corporate ability (CA) and corporate social responsibility (CSR). Researchers in marketing and advertising have suggested that CA and CSR underlie consumer cognitive perceptions of a corporation (Brown and Dacin 1997; Brown 1998).

Brown (1998) defines CA as the degree to which the company is perceived as possessing abilities that make it successful, which generally addresses “the degree to which the company is capable of developing, producing, and delivering products and/or services” (Brown 1998, p. 217). Reflecting the multidimensionality of the construct, a number of sub-dimensions are used to measure CA, such as the technological innovativeness of the company (e.g., Brown and Dacin 1997; Dowling 1986), the overall success of the company (e.g., Belch and Belch 1987; Goldberg and Hartwick 1990; Spector 1961), and the perceived expertise of the company (Keller and Aaker 1992).

On the other hand, CSR reflects “the organization’s status and activities with respect to its perceived societal obligations” (Brown and Dacin 1997, p. 68). Similar to CA, CSR has been conceptualized as a multidimensional construct, consisting of more than one dimension, such as corporate philanthropy (Barich and Kotler 1991; Goldberg and Hartwick 1990; Winters 1988), community involvement (Elbeck 1988), community relations (Dean 2002), environmental orientation (e.g., Belch and Belch 1987) or customer responsiveness (Becker-Olsen 2003).

Table 4 illustrates a number of the sub-dimensions of CA and CSR, identified in marketing and advertising research, that can be applied to the study of sponsorship. Some of the dimensions are identified in sponsorship research, while others have been examined in a broader context of corporate image and associations.

Table 4. Selected Dimensions of CA and CSR Beliefs

Dimensions Related to CA	Dimensions Related to CSR
Rajaretnam (1994) <ul style="list-style-type: none"> <li>• Size of company</li> <li>• Professionally managed</li> <li>• Financial health of the company</li> <li>• Use of technology</li> <li>• Popularity</li> <li>• Quality testing</li> <li>• Innovativeness</li> </ul>	Menon and Kahn (2003) <ul style="list-style-type: none"> <li>• Concerned about consumer welfare</li> <li>• Philanthropy</li> <li>• Corporate giving</li> <li>• Community involvement</li> </ul>
Javalgi, Taylor, Gross and Lampman (1994) <ul style="list-style-type: none"> <li>• Good products/services</li> <li>• Management quality</li> <li>• Consumer responsiveness</li> </ul>	Javalgi, Taylor, Gross and Lampman (1994) <ul style="list-style-type: none"> <li>• Community Involvement</li> </ul>
Brown and Dacin (1997) <ul style="list-style-type: none"> <li>• Technological innovation</li> <li>• Manufacturing ability</li> </ul>	Brown and Dacin (1997) <ul style="list-style-type: none"> <li>• Corporate giving</li> <li>• Community involvement</li> </ul>
Dean (1999) <ul style="list-style-type: none"> <li>• Product quality</li> <li>• Product uniqueness</li> </ul>	Dean (1999) <ul style="list-style-type: none"> <li>• Corporate citizenship</li> </ul>
Sen and Bhattacharya (2001) <ul style="list-style-type: none"> <li>• Manufacturing ability</li> <li>• Technological innovativeness</li> <li>• Product quality</li> <li>• Customer service</li> <li>• Range of products</li> </ul>	Sen and Bhattacharya (2001) <ul style="list-style-type: none"> <li>• Corporate giving</li> <li>• Community involvement</li> </ul>
Becker-Olsen (2003) <ul style="list-style-type: none"> <li>• Customer responsiveness</li> <li>• Product quality</li> <li>• Category leadership</li> </ul>	Becker-Olsen (2003) <ul style="list-style-type: none"> <li>• Corporate credibility</li> <li>• Corporate trust</li> </ul>

*Note.* CA: Corporate Ability; CSR: Corporate Social Responsibility

### Need for Scale Development

In order to examine the impact of sports sponsorship on the cognitive component of the sponsor image, validated scales to measure CA and CSR beliefs should be obtained first. CA and CSR have been conceptualized as multidimensional constructs in marketing,

but, unfortunately, no research has measured or validated CA and CSR in the context of sports sponsorship. Although sponsorship researchers have measured the image of a sponsor with various aspects of CA and/or CSR – such as perceptions that the company is financially stable, is able to produce quality products, is involved in the community, and so forth – none has attempted to conceptualize sponsor image in terms of CA and CSR, nor did anyone validate the scales employed in their research. This indicates that any attempt to examine the effects of sponsorship on CA/ CSR beliefs becomes very difficult. Therefore, the scale development process for CA/CSR beliefs must precede, for examining what would affect CA and CSR beliefs. For this reason, Study 1 aims to validate the factor structures of both CA and CSR beliefs.

Note that only the dimensions of CA and CSR beliefs that are directly relevant to sports sponsorship are examined because developing scales for CA and CSR beliefs in a broader context of corporate image is well beyond the scope of this dissertation. Thus, the applicability of the scales developed in this study is limited to the sports sponsorship context only.

### **Research Question 1:**

What is the underlying factor structure of corporate ability (CA) and corporate social responsibility (CSR) beliefs, respectively?

## **METHOD**

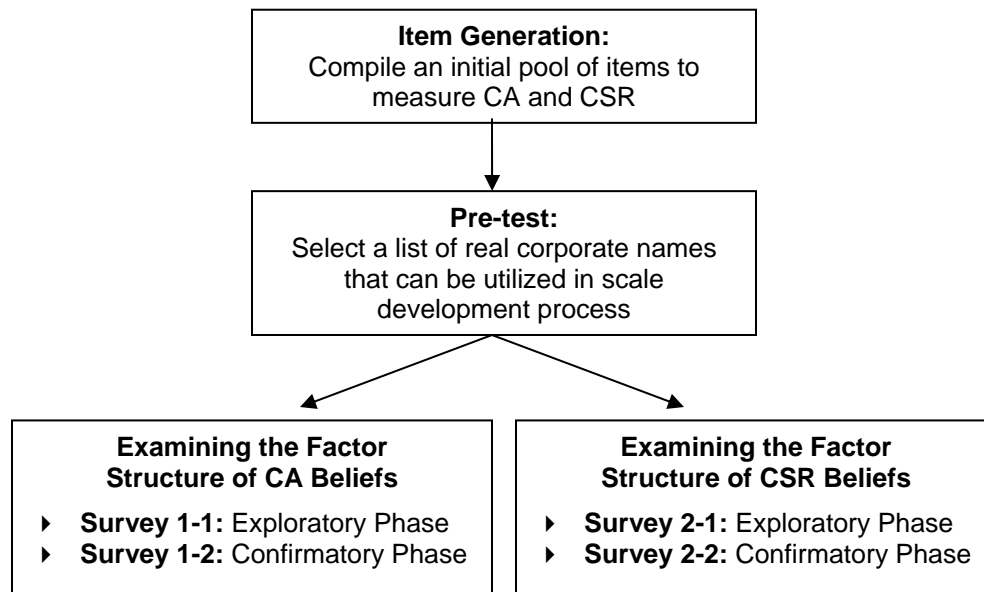
The purpose of Study 1 is to examine the factor structures of corporate ability (CA) and corporate social responsibility (CSR) beliefs. This section details the specific research method.

### **Overview of Research Method**

Figure 6 shows the overview of the research method. As shown in Figure 6, the first step to examine the factor structures of CA and CSR was to compile items that could be used to measure CA and CSR beliefs. Then, a pre-test was performed to select a list of real corporate names that could be utilized in the scale development process. After performing the pre-test, a series of surveys were performed. As shown in Figure 6, Survey 1-1 and Survey 1-2 were performed to examine the factor structure of CA beliefs, whereas Survey 2-1 and Survey 2-2 were performed to examine the factor structure of CSR beliefs. Independent samples of subjects, albeit from the sample pool, were recruited for each survey. Survey 1-1 and Survey 2-1 were the exploratory phases, whereas Survey 1-2 and Survey 2-2 were the confirmatory phases to examine the factor structures of CA and CSR beliefs, respectively. The exploratory phase surveys (i.e., Survey 1-1 and Survey 2-1) were designed to determine how many latent variables underlie a set of items measuring CA and CSR, whereas the confirmatory phase surveys (i.e., Survey 1-2 and Survey 2-2) were designed to evaluate whether new data confirmed the proposed factor structures of the CA and CSR determined in the exploratory phases.



Figure 6. Overview of Method for Study 1



## Sampling Procedure

The primary method of data collection was a Web-based survey. Unless otherwise mentioned, participants were recruited from the registered members of the VCRG Online Panel (Virtual Consumer Research Group Panel). The VCRG online panel is an opt-in, informed-consent, privacy-protected “subject pool” for Web-based research surveys, organized by the Department of Advertising, The University of Texas at Austin. Panelists are recruited from across the country through collaborative agreements with high traffic Websites and online marketing efforts. Prospective participants received an email soliciting their participation in the online consumer panel. The invitation message explained how their email address was obtained, the purpose of the study, and the procedure. Upon receiving the invitation email, prospective participants voluntarily

decided if they wanted to participate in the study. Participation was completely voluntary and confidentiality was guaranteed.

### **Item Generation**

As shown in Figure 6, the first step was to compile an initial pool of items assessing CA and CSR beliefs. The relevant literature in advertising and marketing was reviewed to identify items that could be used to describe consumers' beliefs about a corporation in the context of sports sponsorship. These items were intended to describe central aspects of CA and CSR beliefs, such as technological innovativeness (Brown and Dacin 1997; Sen and Bhattacharya 2001), manufacturing ability (Brown and Dacin 1997; Sen and Bhattacharya 2001), product and service quality (Sen and Bhattacharya 2001), financial soundness (Fombrun and Shanley 1990), research and development resources (Song and Parry 1997), quality of management (Fombrun and Shanley 1990), long-term investment value (Fombrun and Shanley 1990), corporate giving (Sen and Bhattacharya 2001; Brown and Dacin 1997), community involvement (Sen and Bhattacharya 2001), corporate philanthropy (Brown 1998), corporate citizenship (Dean 1999), etc. When necessary, items were reworded to be used in the context of sports sponsorship. Table 5 shows illustrative samples of items describing CA and CSR beliefs.

After compiling the initial items for scale development, four expert judges, consisting of three advertising professors and one marketing professor, were asked to provide feedback to reduce the universe of items into a set that would be reasonable for consumer ratings of their beliefs about corporations. Each judge was asked to

Table 5. Illustrative Samples of Items Describing CA and CSR Beliefs

Items	Relevant Construct
This corporation believes in philanthropy and giving generously to worthy causes (Menon and Kahn 2003)	Corporate Giving
This corporation has spent a lot of money and time on the community over the years (Erdem and Swait 1998)	Community Involvement
This corporation responds to customer needs (Javalgi et al. 1994)	Customer Responsiveness
This corporation is a good corporate citizen (Dean 2002; Dean 1999)	Citizenship
This corporation's products and services can be used with confidence (Becker-Olsen 2003, one of five items of "product quality")	Product/Service Quality
This corporation's manufacturing skills and resources are above the average level in its field of business (Song and Parry 1997)	Manufacturing Abilities
This corporation is a small-time player in its field (Becker-Olsen 2003)	Market Leadership
This corporation is at the forefront of using technology to deliver better products and services (Erdem and Swait 1998)	Technological Innovativeness
The financial health of this corporation is sound (Rajaretnam 1994)	Financial Stability
This corporation is managed in a professional manner (Rajaretnam 1994)	Quality of Management
This corporation seems to be successful (Quester and Thompson 2001)	Overall Success of the Firm

independently evaluate and eliminate items that are less applicable for measuring CA and CSR beliefs. As discussed in Chapter 6, the domain of sponsorship in this research is sports (sporting events, sports tournaments and leagues, etc.), and, therefore, judges were asked to eliminate the items not applicable to describe CA and CSR beliefs that can be affected by sports sponsorship activities. For example, researchers have used gay/lesbian issues as important aspects of CSR, but this issue is less applicable to how the image of the sponsor is affected by sports sponsorship activities. Incorporating the feedback of the four expert judges, the final set of items was presented. A complete list of items is shown in the "Findings" section.

## **Pre-test: Company Selection**

A pre-test was performed to select a list of corporate brand names that could be utilized in developing scales. In order to ensure an external validity of the scale, real corporate names, instead of fictitious names, were selected. The appropriateness of the corporation names to measure CA/CSR beliefs was determined by the following three criteria: (1) Each corporation had to be a reasonable candidate for sports sponsorship because the context of the study is limited to corporate sponsorship of sporting activities (sports events, leagues, tournaments, associations, etc.); (2) Corporations must have substantial degrees of variation as a whole in their CA and CSR, and (3) Only well-known corporations should be considered, to ensure accurate responses to the items.

To identify appropriate corporate brand names, Harris Interactive's (Harris Interactive 2004) Corporate Reputation list and the information from the *Sports Sponsor FactBook* (2005) were used. Harris Interactive has designed an assessment tool that captures perceptions of corporate reputations across industries, among multiple audiences, and performs annual research on corporate reputations, based on six dimensions: products and services, financial performance, workplace environment, social responsibility, vision and leadership, and emotional appeal. The results of Harris Interactive's corporate reputation research have been published in *The Wall Street Journal*. The *Sports Sponsor FactBook* (2005) is an annual publication of the Team Marketing Report, which provides up-to-date information on many aspects of sports sponsorship, such as information on sponsors' profiles, and more than 1,300 sports events/properties involved in sponsorship.

As an initial pool of corporations, the “60 Most Visible Corporations in America,” as ranked by Harris Interactive in 2004, were used, because these corporations are generally well-known and are active in the market. From these 60 corporations, only companies classified as “primary sponsors” by the *Sports Sponsor FactBook* (i.e., judged to be the most significant and active in sports sponsorship) were kept, resulting in 48 corporations – twelve corporations were excluded because they were judged to be either “secondary sponsors” or not even involved in any sports sponsorship activities. As shown in Table 6, the resulting 48 corporations were found to manufacture and provide a range of products and services, such as airlines, automobiles, food and beverage, telecommunications services, electronics goods, financial services, health care and beauty products, insurance, etc.

In order to select an appropriate set of corporations from the initial list of 48 corporations, a questionnaire was developed and distributed to a sample of the population from which the subjects for the main test were recruited (See Appendix A for sample questionnaire). Each subject was asked to rate companies for their familiarity and the overall perceptions of CA and CSR. In order to prevent the fatigue factor from affecting the subjects’ answers, the 48 corporations were randomly divided into four groups, as shown in Table 6, so each corporation group contained only 12 corporations. Each subject was randomly assigned to one of the four corporation groups and asked to rate 12 corporations. At least 15 subjects were randomly assigned to each corporation group. A detailed sample description is provided in the “Findings” section.

Table 6. Initial Pool of Corporations and Corporation Groups

Corporation Group 1	Corporation Group 2
<ol style="list-style-type: none"> <li>1. Southwest Airlines</li> <li>2. Honda Motor Co.</li> <li>3. The Coca-Cola Company</li> <li>4. Verizon Communications</li> <li>5. Gateway</li> <li>6. Johnson &amp; Johnson</li> <li>7. Procter &amp; Gamble</li> <li>8. Home Depot Co.</li> <li>9. ExxonMobil Corporation</li> <li>10. Walt Disney Co.</li> <li>11. General Mills</li> <li>12. General Electric Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Toyota Motor Corporation</li> <li>2. PepsiCo Inc.</li> <li>3. Enron</li> <li>4. Wal-Mart Stores</li> <li>5. AT&amp;T Corporation</li> <li>6. Hewlett-Packard/Compaq</li> <li>7. United Parcel Service (UPS)</li> <li>8. Anheuser-Busch Companies</li> <li>9. General Motors Corporation</li> <li>10. McDonald's</li> <li>11. Nike</li> <li>12. Time Warner (formerly AOL/Time Warner)</li> </ol>
Corporation Group 3	Corporation Group 4
<ol style="list-style-type: none"> <li>1. SBC Communications</li> <li>2. Ford Motor Company</li> <li>3. Bridgestone Corporation</li> <li>4. Best Buy Co.</li> <li>5. Bank of America Corporation</li> <li>6. Allstate Corporation</li> <li>7. Chevron Texaco Corporation</li> <li>8. Boeing Company</li> <li>9. American Airlines</li> <li>10. American Express Company</li> <li>11. Target Corporation</li> <li>12. IBM Corporation</li> </ol>	<ol style="list-style-type: none"> <li>1. Tyco International</li> <li>2. Citigroup Incorporated</li> <li>3. Pfizer</li> <li>4. Kia Motor Corporation</li> <li>5. Sprint Corporation</li> <li>6. FedEx Corporation</li> <li>7. Sony Corporation</li> <li>8. Microsoft Corporation</li> <li>9. MCI (formerly Worldcom)</li> <li>10. Lowe's</li> <li>11. Kmart Corporation</li> <li>12. Starbucks Corporation</li> </ol>

Familiarity was measured on a nine-point, three-item, semantic differential scale, anchored by familiar-unfamiliar, experienced-inexperienced, and knowledgeable-not knowledgeable (Kent and Allen 1994; Machleit, Allen and Madden 1993). The overall perceptions of CA (or CSR) were measured by instructing subjects to read a paragraph explaining the concept of CA (or CSR), followed by asking subjects to rate a series of companies on a nine-point scale anchored by very high level of CA (or CSR)-very low level of CA (or CSR). Table 7 illustrates the CA/CSR measurement method employed in the pre-test.

Table 7. Measuring the Overall Perceptions of CA and CSR Beliefs

CA	<p>[Instructions] The following paragraph explains Corporate Ability (CA). Please read the paragraph and rate the following companies, based on your personal perceptions of each company's level of CA:</p> <p>One dimension of corporate image is called Corporate Ability (CA). CA is the degree to which a company is perceived as possessing abilities that make it successful. In general, CA addresses how capable a company is at developing, producing, and delivering products and/or services. There is more than one way to determine CA. For example, several scholars address the technological innovativeness of companies; others consider the overall success of a company, and still others theorize additional aspects that are central to a company's abilities, such as their perceived expertise, financial strength and the quality of its product/service.</p> <p>[Questionnaire] I think ...have a...</p> <p>Very Low Level of CA _____ Very High Level of CA</p>
CSR	<p>[Instructions] The following paragraph explains Corporate Social Responsibility (CSR). Please read the paragraph and rate the following companies, based on your personal perceptions of each company's level of CSR:</p> <p>One dimension of corporate image is called Corporate Social Responsibility (CSR). CSR reflects the organization's status and activities with respect to its perceived societal obligations. In general, CSR addresses how much a company is responsibly fulfilling its societal obligations. Several factors go into determining CSR. For example, numerous theorists include such facets as corporate philanthropy, corporate giving, community relations, community involvement and/or environmental orientation.</p> <p>[Questionnaire] I think ...have a...</p> <p>Very Low Level of CSR _____ Very High Level of CSR</p>

Note. CA: Corporate Ability; CSR: Corporate Social Responsibility.

Based on the results of the pre-test, 12 corporations were selected that best met the criteria proposed to select appropriate companies (i.e., suitable for sports sponsorship, well-known, and having substantial degrees of variation in CA and CSR perceptions).

## **Examining the Factor Structure of CA Beliefs**

### Exploratory Phase: Survey 1-1

Respondents were randomly assigned to rate two of the twelve companies selected in the pre-test (i.e., the *Company Selection* section) by responding to the items assessing CA beliefs, selected by the expert judges in the *Item Generation* section (see Appendix B for sample questionnaire). A detailed sample description is provided in the “Findings” section. The data obtained in the exploratory phase was analyzed by exploratory factor analysis. The primary purpose of the analysis was to determine how many latent variables (or constructs) underlay a set of items measuring CA beliefs. Also, the number of items necessary to account for the variations among the original items was refined, resulting in a reduced set of items. Consequently, the initial factor structure was identified with the reduced set of items in the exploratory phase.

### Confirmatory Phase: Survey 1-2

In the confirmatory phase, the items identified in the exploratory phase were tested, using an independent sample of subjects. Each subject was randomly assigned to rate three of the twelve companies selected in the pre-test (i.e., the *Company Selection* section), by responding to the items identified in the exploratory phase (see Appendix C for sample questionnaire). A detailed sample description is provided in the “Findings” section. The data obtained in the confirmatory phase was analyzed with confirmatory



factor analysis in order to evaluate whether the new data confirmed the factor structure of the CA beliefs determined in the exploratory phase. Based on the results of the confirmatory factor analysis, the final set of items measuring CA beliefs is presented.

### **Examining the Factor Structure of CSR Beliefs**

#### Exploratory Phase: Survey 2-1

Respondents were randomly assigned to rate one of the twelve companies selected in the pre-test (i.e., the *Company Selection* section) by responding to the items assessing CSR beliefs, selected by the expert judges in the *Item Generation* section (see Appendix D for sample questionnaire). A detailed sample description is provided in the “Findings” section. The data obtained in the exploratory phase was analyzed by exploratory factor analysis. The primary purpose of the analysis was to determine how many latent variables (or constructs) underlay a set of items measuring CSR beliefs. Also, the number of items necessary to account for the variations among the original items was refined, resulting in a reduced set of items. Consequently, the initial factor structure was identified with the reduced set of items in the exploratory phase.

#### Confirmatory Phase: Survey 2-2

In the confirmatory phase, the items identified in the exploratory phase were tested, using an independent sample of subjects. Each subject was randomly assigned to

rate three of the twelve companies selected in the pre-test (i.e., the *Company Selection* section), by responding to the items identified in the exploratory phase (see Appendix E for sample questionnaire). A detailed sample description is provided in the “Findings” section. The data obtained in the confirmatory phase was analyzed with confirmatory factor analysis in order to evaluate whether the new data confirmed the proposed structure of the CSR beliefs determined in the exploratory phase. Based on the results of the confirmatory factor analysis, the final set of items measuring CSR beliefs was presented.

## **FINDINGS**

The primary goal of Study 1 was to answer how many and what dimensions underlie a set of items describing CA and CSR beliefs. Results from each stage of the research strategy described in Figure 6 are presented in this section.

### **Item Generation**

More than 100 items describing consumers’ beliefs about a corporation were derived from the relevant research in advertising and marketing. After checking the face validity of the items with three advertising and one marketing professors, a total of 65 items was selected to measure CA or CSR beliefs. Table 8 shows the 32 items describing CA beliefs, and Table 9 shows the 33 items describing CSR beliefs.

Table 8. Initial Pool of Items Describing CA Beliefs

32 Items Describing CA Beliefs
<ul style="list-style-type: none"> <li>▪ ... is financially strong.</li> <li>▪ ... maintains a healthy financial history.</li> <li>▪ The financial condition of ... is strong.</li> <li>▪ ... has failed to maintain a strong financial condition.</li> <li>▪ ... is well managed.</li> <li>▪ ... is managed in a professional manner.</li> <li>▪ Corporate management at ... is very knowledgeable</li> <li>▪ People who work for ... are experts in their field.</li> <li>▪ ... has an excellent management team.</li> <li>▪ ... is experienced in its business.</li> <li>▪ ... is an expert in its business.</li> <li>▪ ... is skilled in its business.</li> <li>▪ ... is knowledgeable in its business.</li> <li>▪ ... is qualified in its business.</li> <li>▪ ... is a small-time player in its field.</li> <li>▪ ... is a leader in its industry.</li> <li>▪ ... is a cutting-edge company.</li> <li>▪ ... is an important company.</li> <li>▪ ... is a market leader.</li> <li>▪ Overall, ... is successful.</li> <li>▪ Overall, ... has been successful at maximizing its profits.</li> <li>▪ Overall, ... has been successful at delivering good products and services.</li> <li>▪ ... has good products and services.</li> <li>▪ ... offers vital products and services.</li> <li>▪ ... delivers premium products and services.</li> <li>▪ The products and services of ... can be used with confidence.</li> <li>▪ ... provides consistent quality products and services.</li> <li>▪ ... has high-quality products and services.</li> <li>▪ ... is at the forefront of using technology.</li> <li>▪ ... is a technological innovator.</li> <li>▪ ... uses up-to-date technology in its business.</li> <li>▪ ... uses innovative technology.</li> </ul>

### **Pre-test: Company Selection**

The purpose of the Pre-test was to select a set of corporation names to be used in a series of surveys examining the factor structure of CA and CSR beliefs (i.e., Survey 1-1, Survey 1-2, Survey 2-1 and Survey 2-2). It was intended to select a set of familiar

Table 9. Initial Pool of Items Describing CSR Beliefs

33 Items Describing CSR Beliefs
<ul style="list-style-type: none"> <li>▪ ... is a good company to work for.</li> <li>▪ ... is a responsible company.</li> <li>▪ ... is committed to worthwhile causes.</li> <li>▪ ... is a good corporate citizen.</li> <li>▪ ... works to satisfy its social responsibilities.</li> <li>▪ ... fulfills its social obligations.</li> <li>▪ ... is socially responsible.</li> <li>▪ ... demonstrates good corporate citizenship.</li> <li>▪ ... believes in philanthropy.</li> <li>▪ ... gives generously to worthy causes.</li> <li>▪ ... believes that helping others is just as important as making profits.</li> <li>▪ ... helps other people.</li> <li>▪ ... gives adequate contributions to charities.</li> <li>▪ ... is altruistic.</li> <li>▪ ... is generous.</li> <li>▪ ... is unselfish.</li> <li>▪ ... is kind.</li> <li>▪ ... is involved in the communities where they do business.</li> <li>▪ ... has put a lot of effort into serving the communities where they do business.</li> <li>▪ ... is highly involved in community activities.</li> <li>▪ ... tries to give something back to the communities where they do business.</li> <li>▪ ... is a vital part of the community where they do business.</li> <li>▪ ... is aware of any potential negative impacts of its activities on the community.</li> <li>▪ ... supports local sports in the community where they do business.</li> <li>▪ ... supports activities in the local community where they do business.</li> <li>▪ ... has a significant role in the life of the community where they do business.</li> <li>▪ ... responds to customer needs.</li> <li>▪ ... cares about its customers.</li> <li>▪ ... acts in the best interests of its customers.</li> <li>▪ ... is interested in helping its customers.</li> <li>▪ ... cares about people.</li> <li>▪ ... provides trustworthy information about its products and services to its customers.</li> <li>▪ ... is genuinely concerned about its customers' welfare.</li> </ul>

corporations in diverse areas of business, actively involved in sports sponsorship activity with plenty of variations in the overall perceptions of CA and CSR beliefs.

### Sample Description

Invitation email messages of the online survey for the Pre-test were delivered to 825 panelists in the U.S. population. All participants were entered into a drawing for a

cash prize of \$150. A total of 124 subjects completed the survey, resulting in the response rate of 15 percent. Among the 124 respondents to the survey, 41 percent were male and 59 percent were female. Thirty-six percent were between ages 18 to 34; 28 percent, ages 35 to 44; 18 percent, 45 to 54 years old; and 18 percent, 55 or older. Eighty-one percent of the respondents had some college education or college degrees. Seventy-seven percent of the respondents were white; African-American, Hispanic and Asian respondents were three, four and five percent, respectively. Fifty-eight percent of the survey respondents had annual incomes of \$50,000 or higher.

#### Final Set of Corporations

Each respondent rated twelve randomly selected corporations from the pool of 48 corporations listed in Table 6. This process resulted in each corporation being rated by 17 to 22 respondents. Table 6 shows the final set of corporations that best met the criteria proposed to select appropriate corporations, i.e., being a familiar corporation, substantial degrees of variation in the overall perceptions of CA and CSR, and a set of corporations in diverse areas of business.

Table 10. Means and Standard Deviations of the Final Twelve Corporations

Corporation	Familiarity	Overall CA	Overall CSR
Procter & Gamble	7.73 (1.22)	8.18 (1.14)	6.59 (2.36)
Walt Disney Co.	7.71 (1.07)	8.10 (1.22)	7.19 (2.14)
United Parcel Service (UPS)	7.65 (1.22)	6.67 (1.59)	4.81 (2.17)
Wal-Mart Stores	7.52 (1.64)	7.13 (1.89)	4.13 (2.90)
Microsoft Corporation	7.14 (1.66)	8.36 (1.01)	7.50 (1.22)
Sony Corporation	7.00 (1.52)	7.57 (1.34)	5.50 (2.38)
SBC Communications	6.77 (2.31)	6.26 (1.76)	5.26 (2.13)
McDonald's	6.77 (1.47)	6.81 (1.33)	5.06 (1.77)
Kmart Corporation	6.43 (1.71)	5.54 (2.60)	5.14 (2.25)
Chevron Texaco Corporation	6.35 (2.60)	5.84 (1.74)	4.21 (1.84)
American Express Company	6.26 (2.52)	6.84 (1.61)	5.00 (1.75)
General Motors Corporation	6.23 (1.80)	5.13 (1.63)	4.38 (1.54)

*Note.* All variables measured on nine-point scales (high numbers represent high values of each variable); standard deviations in parentheses; familiarity was measured with three items, and Cronbach's Alpha ranged from .78 to .96; overall perceptions of CA and CSR were measured on single-item scale; number of responses per corporation ranged from 17 to 22; all variables did not vary across different genders ( $p > .05$ ).

As shown in Table 10, familiarity scores for all twelve corporations were greater than 6 on a 9-point scale. The overall perceptions of CA ranged from 5.13 to 8.18, with standard deviations ranging from 1.01 to 2.60. The overall perceptions of CSR ranged from 4.21 to 7.50, with standard deviations ranging from 1.22 to 2.90. Also, the final twelve corporations turned out to belong to diverse areas of business, such as finance, electronics, automobile manufacturer, telecommunications, etc. In summary, the twelve corporations listed in Table 10 best met the proposed selection criteria.

### **Factor Structure of Corporate Ability**

The primary goal of Study 1 was to answer how many dimensions underlie a set of items describing CA beliefs. In order to answer this question, an exploratory factor analysis and a confirmatory factor analysis were performed.

## Exploratory Phase Results: Survey 1-1 Results

*Sample Description.* The URL of the online survey was delivered to 1,129 panelists in the U.S. population. All participants were entered into a drawing for a cash prize of \$150. A total of 192 subjects completed the survey, resulting in the response rate of 17 percent. After eliminating eight cases that indicated incomplete answers or the same numbers throughout the questionnaire, responses from 184 respondents were used in the data analysis. Among the 184 respondents, 37 percent were male and 63 percent were female. Thirty percent were between ages 18 to 34; 25 percent, ages 35 to 44; 34 percent, 45 to 54 years old; and 11 percent, 55 or older. Eighty-five percent of the respondents had some college education or college degrees. Eighty-nine percent of the respondents were white; African-American, Hispanic and Asian respondents were six, one and three percent, respectively. Fifty-seven percent of the survey respondents had annual incomes of \$50,000 or higher.

*Analyses.* Responses to a 32-item questionnaire measuring the CA beliefs of 184 respondents were used for the analysis. Because each respondent rated two of the twelve corporations shown in Table 10, a total of 368 cases ( $184 \times 2$ ) was used in the data analysis. Each of the twelve corporations was rated by 25 to 32 respondents. The degree of missing data was less than two percent, indicating two to six missing responses per item. Using the listwise method, all responses with missing data were excluded from the analysis. All items were measured on nine-point, Likert-type scales ranging from strongly

disagree (coded as one) to strongly agree (coded as nine). Higher numbers represent higher value of each item.

To assess the factor structure of subjects' responses to the 32 items measuring CA beliefs, an exploratory factor analysis was performed, using a principal components analysis, followed by a promax rotation. Although varimax rotation generated higher factor loadings for each item, promax rotation was selected, as dimensions of CA beliefs are usually inter-related in theory and practice. To determine the optimum factor solution, the following criteria were used: (1) eigenvalue greater than one, (2) performance of scree test, and (3) interpretability of the factors.

The initial factor solution resulted in three factors with eigenvalues greater than one. The scree plot also suggested extracting three factors, as it started to level off from the fourth factor. In order to purify the list, 21 items were eliminated, as they did not substantially load on any factor, using a cut-off point of .65 (DeVellis 2003), or cross-loaded on more than one factor (i.e., items with loadings of .35 or greater on more than one factor) (e.g., Ohinian 1990). As a result, 11 items were kept, and an exploratory factor analysis was rerun with these 11 items.

This resulted in a three-factor solution with eigenvalues greater than one, which became the final factor model. In the final factor model, the pattern structure turned out to be the most evenly distributed with substantial amounts of factor loadings and no cross-loading items. Before rotation, the three factors together explained 86 percent of the variance in the set of items. All factors displayed a satisfactory level of internal consistency reliability, as indicated by Cronbach's alpha values exceeding the lower acceptable bound of .70 (Nunnally and Bernstein 1994). Table 11 shows the 11 items



used in the final model, along with corresponding factor loadings, and Cronbach's alpha scores for each dimension. The correlations of each pair of the three factors ranged from .40 to .60.

As shown in Table 11, a clear pattern emerged for the three correlated factor solution. The first factor, called Product Quality, underlies four items (e.g., "...has good products and services") assessing respondents' perceptions of the quality of the product and/or services delivered by a corporation. The second factor, called Financial Performance, is measured by a set of three items (e.g., "... maintains a healthy financial history") that describe the extent to which respondents perceive a corporation to be financially strong. The third factor, referred to as Technological Innovativeness, underlies

Table 11. Factor Loadings, Eigenvalues and Cronbach's Alphas for Exploratory Factor Model for CA Beliefs

Items	Factor 1	Factor 2	Factor 3	alpha
PQ1	.89	--	--	.97
PQ2	.95	--	--	
PQ3	.86	--	--	
PQ4	.96	--	--	
FP1	--	--	.95	.95
FP2	--	--	.82	
FP3	--	--	.90	
TI1	--	.81	--	.90
TI2	--	.88	--	
TI3	--	.88	--	
TI4	--	.91	--	
Eigenvalue	6.5	2.0	1.1	

*Note.* Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization (rotation converged in 5 iterations).

Not shown in the table are factor loadings less than .35.

PQ1: ... has good products and services.

PQ2: ... delivers premium products and services.

PQ3: The products and services of ... can be used with confidence.

PQ4: ... has high-quality products and services.

FP1: ... is financially strong.

FP2: ... maintains a healthy financial history.

FP3: The financial condition of ... is strong.

TI1: ... is at the forefront of using technology.

TI2: ... is a technological innovator.

TI3: ... uses up-to-date technology in its business.

TI4: ... uses innovative technology.

four items (e.g., "... is a technological innovator") assessing respondents' perceptions of the innovativeness of a corporation's technology.

#### Confirmatory Phase Results: Survey 1-2 Results

*Sample Description.* The URL of the online survey was delivered to 779 panelists in the U.S. population. All participants were entered into a drawing for a cash prize of \$150. A total of 109 subjects completed the survey, resulting in the response rate of 14 percent. After eliminating four cases that indicated incomplete answers or the same numbers throughout the questionnaire, responses from 105 respondents were used in the data analysis. Among the 105 respondents, 36 percent were male and 64 percent were female. Twenty-eight percent were between ages 18 to 34; 23 percent, ages 35 to 44; 31 percent, 45 to 54 years old; and 18 percent, 55 or older. Eighty percent of the respondents had some college education or college degrees. Eighty-seven percent of the respondents were white; African-American, Hispanic and Asian respondents were two, five and four percent, respectively. Fifty-five percent of the survey respondents had annual incomes of \$50,000 or higher.

*Analysis.* The three correlated factor model suggested in the exploratory phase (Survey 1-1) was validated by performing a confirmatory factor analysis (CFA) with Mplus 3.13. A total of 105 subjects' responses to the 11 items verified in the exploratory phase were used in the analyses. Because each respondent rated three corporations, the number of cases for the data analyses was 315 (105\*3). Each corporation listed in Table

10 was rated by 24 to 34 respondents. The degree of missing data was less than one percent, ranging from one to three missing responses per item. Using the listwise method, all responses with missing data were excluded from the analysis. All items were measured on nine-point, Likert-type scales ranging from strongly disagree (coded as one) to strongly agree (coded as nine). Higher numbers represent higher values of each item.

Overall, estimating goodness-of-fit revealed that the data fit the model very well, as indicated by multiple fit indices within a satisfactory range. The Comparative Fit Index (CFI) was .98 and the Standardized Root Mean Square Residual (SRMR) was .03, satisfying Hu and Bentler's (1999) joint criteria to retain a model. Also, the Tucker-Lewis Index (TLI) was .97 and the Root Mean Square Error of Approximation (RMSEA) was .09 – all within a range of acceptable model fit. However, the chi-square was significant ( $\chi^2(41) = 151.89, p < .01$ ), suggesting that the observed data does not fit well with the proposed model. Nonetheless, this chi-square value was still considered appropriate, given the large sample size used in this study\*.

Table 12 shows additional statistics, such as standardized and unstandardized factor loadings with corresponding significance test results, item means and standard deviations, and Cronbach's alpha scores. As shown in Table 12, each item had acceptable construct validity, indicated by a minimum factor loading of .65 (Nunnally and Bernstein 1994). Internal consistency reliability was also satisfactory, as the Cronbach's alpha

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\* The Chi-square test is sensitive to sample size, and frequently leads to rejection of the model even though differences between observed and predicted covariances are slight (Bagozzi and Yi 1988; Bentler 1990). With this shortcoming in mind, researchers suggest calculating the  $\chi^2$  to degrees of freedom ratio (i.e.,  $\chi^2/df$ ), called the Normed Chi-square (NC), to reduce the sensitivity of  $\chi^2$  to sample size (Kline 2005). Bollen (1989) notes that values of the NC as high as 5.0 have been recommended as indicating reasonable model fit. For the confirmatory factor model examined here, NC was estimated as 3.7 (i.e.,  $151.89/41 = 3.70$ ), which did not exceed five, the lower acceptable boundary for model fit.

Table 12. Means, Standard Deviations and Factor Loadings of Each Item, and Cronbach's Alphas for Each Dimension in the Confirmatory Factor Model for CA beliefs

Construct	Indicator	Mean (S.D.)	Factor Loadings			$\alpha$
			UnStd.	S.E.	Std.	
Financial Performance	FP1	7.24 (1.88)	1.79	0.08	0.95	.96
	FP2	6.77 (1.94)	1.78	0.08	0.92	
	FP3	6.95 (1.90)	1.81	0.08	0.95	
Product Quality	PQ1	6.65 (1.96)	1.78	0.09	0.91	.96
	PQ2	6.30 (2.07)	1.91	0.09	0.92	
	PQ3	6.69 (1.94)	1.81	0.08	0.93	
	PQ4	6.44 (2.16)	2.08	0.09	0.96	
Technological Innovativeness	TI1	6.33 (2.06)	1.91	0.09	0.93	.97
	TI2	6.24 (2.07)	1.97	0.09	0.95	
	TI3	6.76 (1.88)	1.75	0.08	0.93	
	TI4	6.46 (1.20)	1.89	0.08	0.95	

*Note.* All factor loadings were significant at  $p < .01$ ; all indicators were measured on a nine-point Likert-type scale for agreement with the following statements (1 = strongly disagree, 9 = strongly agree):

FP1: ... is financially strong.

FP2: ... maintains a healthy financial history.

FP3: The financial condition of ... is strong.

PQ1: ... has good products and services.

PQ2: ... delivers premium products and services.

PQ3: The products and services of ... can be used with confidence.

PQ4: ... has high-quality products and services.

TI1: ... is at the forefront of using technology.

TI2: ... is a technological innovator.

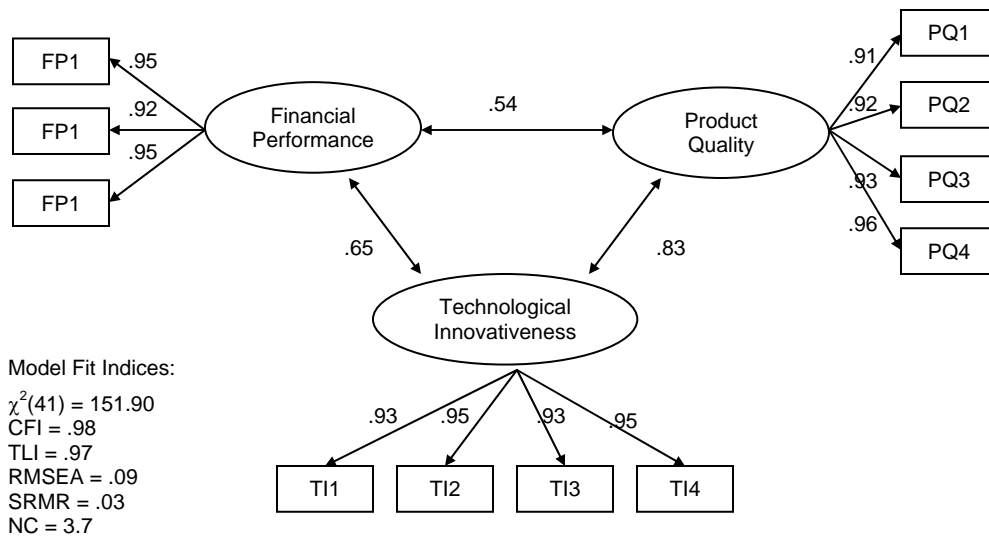
TI3: ... uses up-to-date technology in its business.

TI4: ... uses innovative technology.

scores of each construct exceeded the standard acceptance norm of .70 (Nunnally and Bernstein 1994).

Figure 7 shows the visual description of the confirmatory factor model with standardized factor loadings, inter-factor correlations and model-fit indices. Ellipses represent constructs, and rectangles represent the observed variables. Arrows connecting constructs with variables represent factor loadings. Again, the model-fit indices show that the observed data fit the three-correlated-factor model very well, and the significant and substantial factor loadings indicate acceptable construct validity.

Figure. 7. Confirmatory Factor Model of CA Beliefs with Standardized Factor Loadings, Inter-factor Correlations, and Model-fit Indices



*Note.* All factor loadings and inter-factor correlations are significant at  $p < .01$ ; numbers are presented, based on standardized solution; ellipses represent constructs, and rectangles represent the observed variables; not depicted in the figure are residual variances of each item.

- FP1: ... is financially strong.
- FP2: ... maintains a healthy financial history.
- FP3: The financial condition of ... is strong.
- PQ1: ... has good products and services.
- PQ2: ... delivers premium products and services.
- PQ3: The products and services of ... can be used with confidence.
- PQ4: ... has high-quality products and services.
- TI1: ... is at the forefront of using technology.
- TI2: ... is a technological innovator.
- TI3: ... uses up-to-date technology in its business.
- TI4: ... uses innovative technology.

## Factor Structure of Corporate Social Responsibility

Similar to the procedure employed to examine the factor structure of CA beliefs, an exploratory factor analysis and a confirmatory factor analysis were performed to validate the factor structure of CSR beliefs.

## Exploratory Phase Results: Survey 2-1 Results

*Sample Description.* The URL of the online survey was delivered to 1,155 panelists in the U.S. population. All participants were entered into a drawing for a cash prize of \$150. A total of 208 subjects completed the survey, resulting in the response rate of 18 percent. After eliminating 17 cases that indicated incomplete answers or the same numbers throughout the questionnaire, responses from 191 respondents were used in the data analysis. Among the 191 respondents, 38 percent were male and 62 percent were female. Thirty-two percent were between ages 18 to 34; 29 percent, ages 35 to 44; 24 percent, 45 to 54 years old; and 15 percent, 55 or older. Eighty-one percent of the respondents had some college education or college degrees. Eighty-six percent of the respondents were white; African-American, Hispanic and Asian respondents were four, five and three percent, respectively. Fifty-eight percent of the survey respondents had annual incomes of \$50,000 or higher.

*Analysis.* Responses to a 33-item questionnaire of 191 respondents were used for this analysis. Because each respondent rated two corporations, a total of 382 cases (191\*2) was used in the data analysis. Each corporation listed in Table 6 was rated by 23 to 37 respondents. The degree of missing data was less than three percent, ranging from three to nine missing responses per item. Using the listwise method, all responses with missing data were excluded from the analysis. All items were measured on nine-point, Likert-type scales ranging from strongly disagree (coded as one) to strongly agree (coded as nine). Higher numbers represent higher values of each item.

To assess the factor structure of subjects' responses to the 33 items measuring CSR beliefs, an exploratory factor analysis was performed, using principal components analysis, followed by a promax rotation. The promax rotation was selected, as dimensions of CSR beliefs are usually inter-related in theory and practice. To determine the optimum factor solution, the following criteria were used: (1) eigenvalue greater than one, (2) performance of scree test, and (3) interpretability of the factors.

The initial factor solution resulted in two factors with eigenvalues greater than one. The scree plot also suggested extracting two factors, as it started to level off from the third factor. After inspecting the pattern structure of the initial factor solution, 21 items were eliminated as they did not substantially load on any factor, using a cut-off point of .65 (DeVellis 2003), or cross-loaded on more than one factor (i.e., items with loadings of .35 or greater on more than one factor) (e.g., Ohinian 1990). As a result, 12 items were kept, and an exploratory factor analysis was rerun with these 12 items.

Again, it turned out that a two-factor solution best fit the data, and this became the final factor model. The eigenvalue of each factor was greater than one; the 12 items were evenly distributed with substantial amounts of factor loadings on one of the two factors, and there was no item cross-loading on more than one factor. Before rotation, the two factors together explained 85 percent of the variance in the set of items. All factors displayed a satisfactory level of internal consistency reliability, as indicated by Cronbach's alpha values exceeding the lower acceptable bound of .70 (Nunnally and Bernstein 1994).

Table 13. Factor Loadings, Eigenvalues and Cronbach's Alphas for Exploratory Factor Model for CSR Beliefs

Items	Factor 1	Factor 3	alpha
CM1	.949	--	.97
CM2	.890	--	
CM3	.854	--	
CM4	.834	--	
CM5	.858	--	
CM6	.920	--	
CM7	.720	--	
CS1	--	.912	.96
CS2	--	.967	
CS3	--	.834	
CS4	--	.901	
CS5	--	.839	
eigenvalue	9.2	1.0	

Note. Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization (rotation converged in 3 iterations).

Not shown in the table are factor loadings less than .35.

CM1: ... gives adequate contributions to charities.

CM2: ... has put a lot of effort into serving the communities where they do business.

CM3: ... is highly involved in community activities.

CM4: ... is committed to worthwhile causes.

CM5: ... supports activities in the local community where they do business.

CM6: ... believes in philanthropy.

CM7: ... helps other people.

CS1: ... responds to customer needs.

CS2: ... cares about its customers.

CS3: ... acts in the best interests of its customers.

CS4: ... is interested in helping its customers.

CS5: ... is genuinely concerned about its customers' welfare.

Table 13 shows the 12 items used in the final factor model, along with corresponding factor loadings, and Cronbach's alpha scores for each dimension. The correlation between the two factors was .75.

As shown in Table 13, a clear pattern emerged for the two correlated factors solution. The first factor, called Community Support, underlies seven items (e.g., "...has put a lot of effort into serving the communities where they do business") assessing the extent to which respondents perceive that a corporation supports the community where it does business. The second factor, called Customer Sensitivity, was measured by a set of



five items (e.g., "... cares about its customers") that describe the extent to which respondents perceive that a corporation is sensitive to its customers' needs.

#### Confirmatory Phase Results: Survey 2-2 Results

*Sample Description.* The URL of the online survey was delivered to 646 panelists in the U.S. population. All participants were entered into a drawing for a cash prize of \$150. A total of 97 subjects completed the survey, resulting in the response rate of 15 percent. After eliminating seven cases that indicated incomplete answers or the same numbers throughout the questionnaire, responses from 90 respondents were used in the data analysis. Among the 90 respondents, 41 percent were male and 59 percent were female. Thirty-three percent were between ages 18 to 34; 19 percent, ages 35 to 44; 31 percent, 45 to 54 years old; and 17 percent, 55 or older. Ninety percent of the respondents had some college education or college degrees. Eighty-eight percent of the respondents were white; African-American, Hispanic and Asian respondents were five, two and four percent, respectively. Sixty-three percent of the survey respondents had annual incomes of \$50,000 or higher.

*Analysis.* The two correlated factor model suggested in the exploratory phase (Survey 2-1) was validated by performing a confirmatory factor analysis (CFA) with Mplus 3.13. A total of 90 subjects' responses to the 12 items verified in the exploratory phase was used in the analyses. Because each respondent rated three corporations, the number of cases for the data analyses was 270 (90\*3). Each corporation listed in Table 10

was evenly rated by the respondents, and the usable cases per corporation ranged from 28 to 31. The degree of missing data per item was less than two percent. Using the listwise method, all responses with missing data were excluded from the analysis. All items were measured on nine-point, Likert type scales ranging from strongly disagree (coded as one) to strongly agree (coded as nine). Higher numbers represent higher values of each item.

The results of the confirmatory factor analysis revealed that the data did not fit the model very well. The Chi-square was significant ( $\chi^2(53) = 289.81, p < .01$ ); the Comparative Fit Index (CFI) was .94; the Tucker-Lewis Index (TLI) was .93, and the Root Mean Square Error of Approximation (RMSEA) was .13 – all indicating a lack of model fit. The only satisfactory model fit index was the Standardized Root Mean Square Residual (SRMR), which was .04.

As the model-fit indices were not as satisfactory as expected, correlations, residuals, factor loadings and the results of the Lagrange Multiplier (LM) test were inspected, as suggested by Kline (2005). Four items\* turned out to have low factor loadings (i.e., less than .65) and/or to cross-load on multiple factors, resulting in detrimental impacts on the model fit. Because there was no compelling theoretical justification to allow any item to cross-load on more than one factor or to keep items with low factor loadings, these four items were eliminated, resulting in a two-correlated-factor model with eight items.

As a result, the confirmatory factor model was respecified with eight items and reanalyzed. The results indicated that the data fit the model very well, as indicated by multiple fit indices within a satisfactory range. The CFI was .98 and the SRMR was .03,

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\* The four items eliminated were "... is committed to worthwhile causes," "... believes in philanthropy," "... helps other people," and "... responds to customer needs."

satisfying Hu and Bentler's (1999) joint criteria to retain a model. Also, the TLI was .98 and the RMSEA was .09 – all within a range of acceptable model fit. The chi-square was significant ( $\chi^2 (19) = 63.83, p < .01$ ), suggesting that the observed data does not fit well with the proposed model. Nonetheless, this chi-square value was still considered appropriate, given the large sample size used in this study\*.

Table 14 shows additional statistics such as standardized and unstandardized factor loadings with results of corresponding significance tests, item means and standard deviations, and Cronbach's alpha scores.

Table 14. Means, Standard Deviations and Factor Loadings of Each Item, and Cronbach's Alphas for Each Dimension in the Confirmatory Factor Model for CSR beliefs

Construct	Indicator	Mean (S.D.)	Factor Loadings			$\alpha$
			UnStd.	S.E.	Std.	
Community Support	CM1	5.39 (1.94)	1.75	0.09	0.90	.96
	CM2	5.19 (2.02)	1.87	0.09	0.92	
	CM3	5.12 (1.97)	1.85	0.09	0.94	
	CM4	5.21 (2.02)	1.85	0.09	0.92	
Customer Sensitivity	CS1	5.18 (2.25)	2.12	0.10	0.94	.96
	CS2	5.03 (2.20)	2.09	0.10	0.95	
	CS3	5.25 (2.17)	1.92	0.10	0.89	
	CS4	5.13 (2.26)	2.08	0.11	0.92	

*Note.* All factor loadings were significant at  $p < .01$ ; all indicators were measured on a nine-point, Likert-type scale for agreement with the following statements (1 = strongly disagree, 9 = strongly agree):

CM1: ... gives adequate contributions to charities.

CM2: ... has put a lot of effort into serving the communities where they do business.

CM3: ... is highly involved in community activities.

CM4: ... supports activities in the local community where they do business.

CS1: ... cares about its customers.

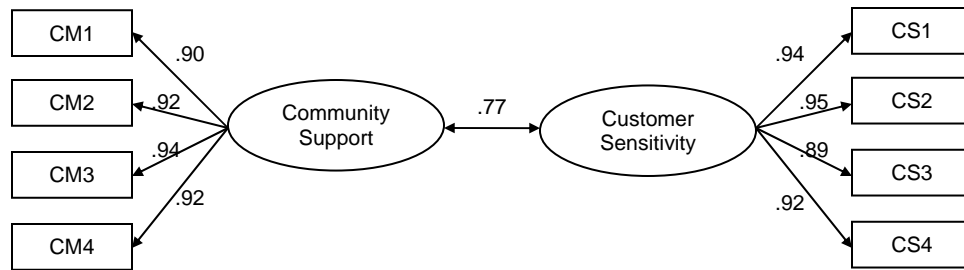
CS2: ... acts in the best interests of its customers.

CS3: ... is interested in helping its customers.

CS4: ... is genuinely concerned about its customers' welfare.

\* The chi-square test is sensitive to sample size, and frequently leads to rejection of the model, even though differences between observed and predicted covariances are slight (Bagozzi and Yi 1988; Bentler 1990). With this shortcoming in mind, researchers suggest calculating the  $\chi^2$  to degrees of freedom ratio (i.e.,  $\chi^2/\text{df}$ ), called the Normed Chi-square (NC), to reduce the sensitivity of  $\chi^2$  to sample size (Kline 2005). Bollen (1989) notes that values of the NC as high as 5.0 have been recommended as indicating reasonable model fit. For the model examining CSA beliefs in this study, NC was estimated as 3.4 (i.e.,  $63.83/19 = 3.40$ ), which did not exceed five, the lower acceptable boundary for model fit.

Figure 8. Confirmatory Factor Model of CSR Beliefs with Standardized Factor Loadings, Inter-factor Correlations, and Model-fit Indices



Model Fit Indices:

$\chi^2(19) = 63.83$ ; CFI = .98; TLI = .98  
RMSEA = .09; SRMR = .03; NC = 3.4

*Note:* All factor loadings and the correlation between the factors are significant at  $p < .01$ ; numbers are presented, based on standardized solution; ellipses represent constructs, and rectangles represent the observed variables; not depicted in the figure are residual variances of each item.

CM1: ... gives adequate contributions to charities

CM2: ... has put a lot of effort into serving the communities where they do business

CM3: ... is highly involved in community activities

CM4: ... supports activities in the local community where they do business

CS1: ... cares about its customers

CS2: ... acts in the best interests of its customers

CS3: ... is interested in helping its customers

CS4: ... is genuinely concerned about its customers' welfare

As shown in Table 14, each item had acceptable construct validity, indicated by a minimum factor loading of .65 (Nunnally and Bernstein 1994). Internal consistency reliability was also satisfactory, as Cronbach's alpha scores of each construct exceeded the standard acceptance norm of .70 (Nunnally and Bernstein 1994).

Figure 8 shows the visual description of the confirmatory factor model with standardized factor loadings, inter-factor correlations and model-fit indices. Ellipses represent constructs, and rectangles represent the observed variables. Arrows connecting constructs with variables represent factor loadings. Again, the model-fit indices show that

the observed data fit the three-correlated-factor model very well, and the significant and substantial factor loadings indicate acceptable construct validity.

## **SUMMARY OF STUDY 1**

The purpose of Study 1 was to examine the factor structure of the cognitive component of the image of a sponsor in terms of beliefs about corporate ability (CA) and corporate social responsibility (CSR). In order to achieve this goal, items describing central aspects of CA and CSR beliefs were compiled from relevant advertising and marketing literature. Based on the results of a series of surveys, the performance of each item was evaluated by exploratory and confirmatory factor analyses. The results revealed that three factors underlay a set of 11 items assessing CA beliefs, and two factors underlay a set of eight items describing CSR beliefs. The three factors underlying respondents' perceptions of CA beliefs were perceived product quality, financial performance and technological innovativeness. And the two factors underlying respondents' perceptions of CSR beliefs were perceived community support and customer sensitivity.

## **CHAPTER VIII.**

### **STUDY 2: VALIDATING THE FACTOR STRUCTURE OF EVENT CHARACTERISTICS AND THEIR RELATIONSHIPS TO PERCEIVED SPONSORSHIP COSTS AND PERCEIVED SPONSORSHIP BENEFITS**

The purpose of Study 2 is twofold. First, it examines the factor structure of the perceptions of event characteristics. Secondly, it explores the relationships between each dimension of event characteristics and the two mediating variables, perceived sponsorship costs and perceived sponsorship benefits. The theoretical background is detailed, followed by the research method and findings.

## **THEORETICAL BACKGROUND AND RESEARCH QUESTIONS**

### **Perceptions of Event Characteristics**

Sponsorship literature suggests that the perceptions of event characteristics can vary along with multiple dimensions, so, within a same type of sponsorship (i.e., sports sponsorship), a number of event characteristics can vary from event to event, creating different images of the sponsors (Gwinner 1997).

Gwinner (1997) suggests the multi-dimensionality of event characteristics by illustrating potential dimensions of event characteristics such as the size of the event, the professional status of participants, the tradition and/or history associated with the event, the venue in which the event is staged, and the promotional appearance of the sponsored event. He further notes that the size of an event can be considered along a number of

dimensions such as the length of the event, the level of media exposure, the number of performers, and the amount of physical space occupied. A same sporting event, for example, a tennis tournament, can vary along all of these dimensions, creating different perceptions of the event.

There are anecdotal accountings pointing out that the variations in each dimension of event characteristics create different images for sponsors. For example, Kinney and Bell (2004) suggest that the sponsorship of global events, such as the Olympics, helps marketers to build an international image of the sponsor. Similarly, Pracejus (2004) proposes that the larger the perceived size of the event, the greater is the impact of the sponsorship on the perceived size of the sponsoring firm. McDonald (1991) argues that sponsorship of smaller/more local events may help the sponsor to be perceived as sincere, contributing to the socially responsible image of the sponsor.

### **Need for Scale Development**

Although sponsorship research indicates that there are multiple dimensions for the perceptions of event characteristics, and that such perceptions of event characteristics affect the image of the sponsor, no research has empirically examined which dimensions of event characteristics are associated with the image of the sponsors and how. This is because there is no consensus on what exactly constitutes the perceptions of event characteristics, and, therefore, systematic investigation of the effects of event characteristics cannot be performed. For example, as previously mentioned, Pracejus (2004) argues that the perceived size of the event positively affects the consumer's

perceptions of the size of a sponsor, but he does not define what “event size” exactly means, nor does he validate any scale to measure it. Similarly, Gwinner (1997) proposes a series of propositions that different dimensions of event characteristics would have different impacts on the image of the sponsor, but he does not explicitly define what constitutes consumers’ perceptions of each dimension of the event characteristics. As such, the number and the nature of the dimensions underlying consumers’ perceptions of event characteristics are unclear, and any attempts to empirically investigate the effects of event characteristics become difficult. Therefore, the factor structure of consumers’ perceptions of event characteristics should be examined.

### **Research Question 2:**

What is the underlying factor structure of consumers’ perceptions of the event characteristics?

### **Perceived Sponsorship Costs and Benefits**

Once the underlying dimensions of the event characteristics are empirically driven, the next question becomes which dimensions are associated with the key outcome variables (i.e., CA and CSR beliefs), in which directions. Among the six psychological mechanisms presented in Chapter 5, signal theory supports the notion that some dimensions of event characteristics impact the level of CA beliefs, whereas attribution theory supports the notion that some dimensions of event characteristics influence the levels of CSR beliefs. What is less clear from the literature, however, is which dimensions of event characteristics affect CA and CSR, in which directions.



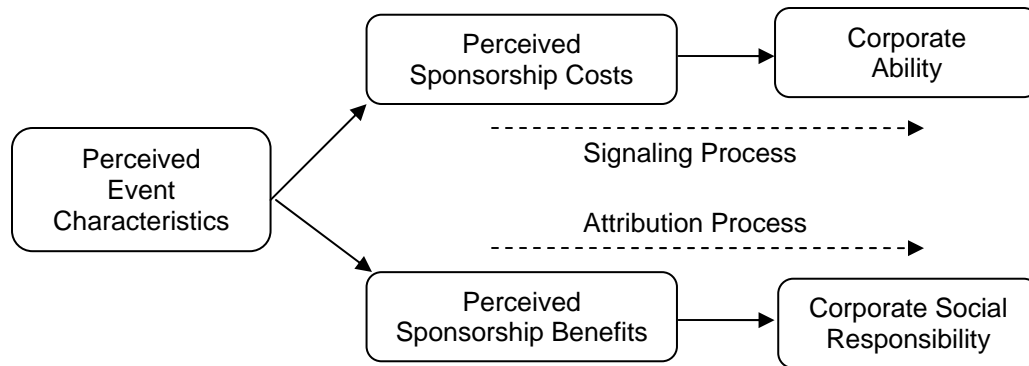
One may explore the direct impacts of the perceptions of event characteristics on the beliefs about the sponsor (i.e., CA and CSR beliefs). However, this method does not directly test whether the observed relationships between event characteristics and CA/CSR beliefs are the results of signal and attribution processes, as theorized, because it is very difficult to rule out any alternative explanations for the observed data. Therefore, in order to validate the theorized psychological mechanisms – signal theory and attribution theory – besides examining the relationships between the perceptions of event characteristics and CA/CSR beliefs, the key variables likely to mediate the impacts of consumers' perceptions of event characteristics on CA/CSR beliefs should be identified in advance. After identifying the mediating variables, then the relationships between each dimension of event characteristics and each mediating variable could be explored. This sets the proper ground to develop formal hypotheses, presented in Study 3, examining the impact of event characteristics on CA/CSR beliefs, as well as the validity of the theorized psychological mechanisms.

As depicted in Figure 9, signal theory suggests that perceived sponsorship costs will mediate the effects of event characteristics on CA beliefs, while attribution theory suggests that perceived sponsorship benefits will mediate the impacts of event characteristics on CSR beliefs. The following section details these relationships.

#### Perceived Sponsorship Costs

For the relationship between the perceptions of the event characteristics and CA beliefs, the “perceived sponsorship costs,” defined as a general impression that costs for

Figure 9. Conceptual Model Describing the Impacts of Signal and Attribution Processes



a sponsorship deal are higher or lower than expected, are identified to mediate the effects of the perceptions of event characteristics on CA. This is a straightforward prediction drawn from the literature on signal theory. Signal theory supports the notion that consumers encode cost-related information from ad campaigns, through direct observation and/or past experiences, and that such perceptions of advertising costs can credibly signal companies' abilities in manufacturing and providing products and services (Kirmani and Wright 1989; Kirmani 1990).

For example, Kirmani (1990) and her colleagues demonstrate that the “perceived advertising costs,” defined as “a general impression that costs of an ad or ad campaign are higher or lower than expected” (Kirmani 1990, p. 161), mediate the impacts of the variations in ad elements on brand perceptions such as perceived product quality.

Kirmani and Wright (1989) asked subjects to assess the costliness of an ad campaign for which production elements (location of shooting, spokesperson, cast size and pool size) and media elements (frequency, length and vehicle) were varied. Subjects rated exotic locales, celebrity endorsers, large casts, high repetition, long ads, and large-audience vehicles as more expensive than in-studio shots, non-celebrity endorsers, small casts, no-

repetition, short ads and small-audience vehicles. For instance, the advertising campaign embedded in the Super Bowl was perceived to be more expensive than the advertising campaign embedded in the Cosby Show. In support of the notion that the perceptions of advertising costs mediate the relationship between variations in ad elements and product quality perceptions, the results showed that more costly campaigns were associated with higher brand quality ratings. Similarly, Kirmani (1990) varied advertising costs by varying the size of a magazine ad for a hypothetical shoe. Again, as predicted, perceived costs were higher for larger ads, and the perceptions of advertising costs impacted subjects' perceptions of brand quality. Later, Homer (1995) and Kirmani (1997) replicated those findings by varying the size of an ad in a Yellow Page and the level of advertising repetition for a print ad, respectively.

Applied to the context of sponsorship, signal theory supports the notion that consumers encode cost-related information from a sponsored event or property, just as people form cost perceptions from an advertising campaign, and that such cost perceptions of a sponsored event signal the sponsors' abilities in manufacturing and providing quality products and services. Therefore, "perceived sponsorship costs" are expected to mediate the relationship between consumers' perceptions of event characteristics and CA beliefs.

### Perceived Sponsorship Benefits

For the relationship between the consumer perceptions of the event characteristics and CSR beliefs, the "perceived sponsorship benefits," defined as the extent to which a

corporate sponsor benefits from the sponsored entity in relation to what the sponsor brings into the deal, are likely to mediate the effects of perceptions of event characteristics on CSR. This is because the “perceived sponsorship benefits” are likely to serve as a cue guiding altruistic attributions of the sponsor’s motives. The conceptualization of the perceived sponsorship benefits comes from the concept of “mutuality” in the literature on “interfirm governing mechanisms” and “relationalism” (e.g., Li and Dant 1997). Li and Dant (1997) investigated the role of “mutuality” in the relationship between two business parties – a supplier and a distributor. In this study, mutuality was defined as “the extent to which trade parties fairly and evenly share the gains and losses in an exchange relationship” (Li and Dant 1997, p. 207). As stated in Chapter 2, sponsorship, by definition, implies an exchange between two parties (i.e., an exchange between a sponsor and a sponsored event); thus, the “perceived sponsorship benefits” can be defined in terms of the fairness of the exchange between the sponsor and the sponsored entity, similar to the concept of “mutuality” (e.g., Li and Dant 1997).

Faced with sponsorship stimuli, consumers process, whether implicitly or explicitly, benefit-related information from a sponsored event or property. Just as a consumer forms cost perceptions by observing the elements of advertising campaigns, consumers observe the characteristics of sponsored events and get a sense of how much a sponsor would benefit from a sponsorship investment. Consumers do not have to have precise judgments on how much a sponsor would be rewarded by a sponsorship deal. Instead, rough judgment might be based on only one salient characteristic of a sponsored event (e.g., potential for media coverage) or on several characteristics. For example, people may infer that some sporting events have greater potential for media coverage and

publicity than other events, and, therefore, provide the sponsor with greater opportunities to obtain commercial benefits such as increasing brand awareness or boosting sales. And it is this perception of sponsorship benefits that mediates the effects of the perceptions of event characteristics on CSR. This is because sponsorship positively contributes to CSR beliefs when the sponsorship activity is perceived as an altruistic behavior (Walliser 2004), and high levels of sponsorship benefits generally indicate the existence of self-serving motives, rather than an altruistic motive.

In sum, the “perceived sponsorship costs” and “perceived sponsorship benefits” are identified as key mediators of the relationship between the perceptions of event characteristics and consumers’ beliefs about sponsors (i.e., CA and CSR). Accordingly, the third research question is posed to examine which dimensions of event characteristics are related to which mediating variables, in which directions.

### **Research Question 3:**

How do the dimensions of the consumers’ perceptions of event characteristics relate to perceived sponsorship costs and perceived sponsorship benefits?

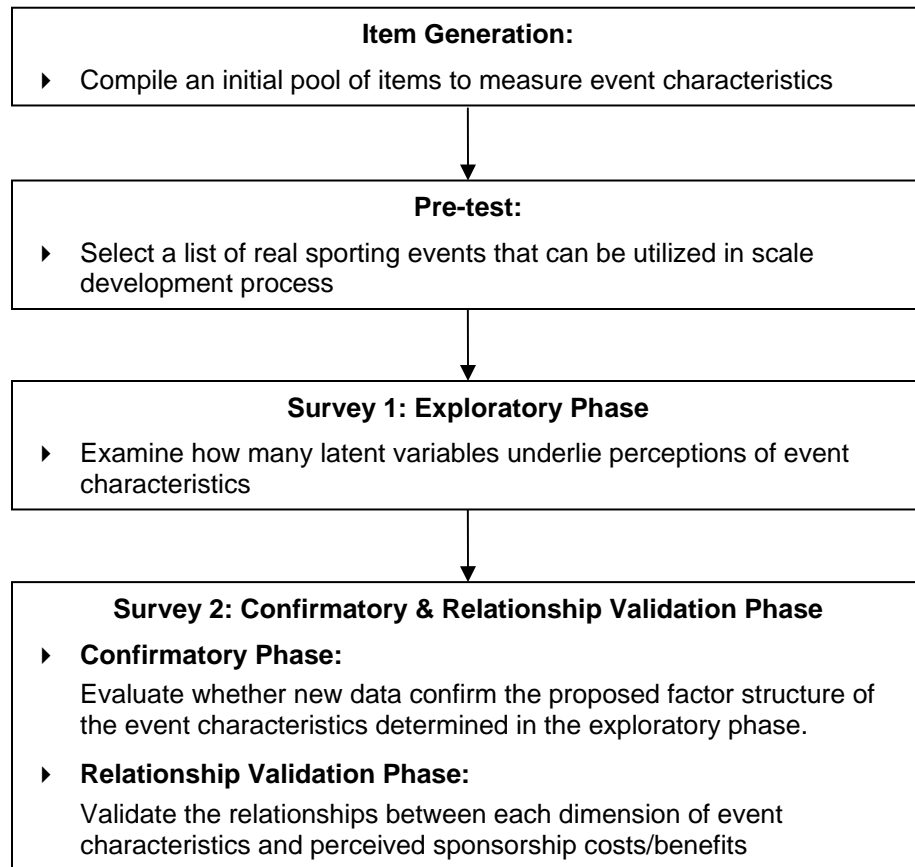
## **METHOD**

Research Question 2 aims to answer what exactly constitutes consumers' perceptions of the event characteristics. Research Question 3 aims to answer how each dimension of event characteristics is associated with perceived sponsorship costs and perceived sponsorship benefits – two variables identified to mediate the relationships between the perceptions of event characteristics and CA/CSR beliefs, respectively.

### **Overview of Research Method**

As shown in Figure 10, Study 2 follows four stages: (1) item-generation, (2) pre-test, (3) exploratory phase, and (4) confirmatory and relationship validation phase. The first step was to compile items that could be used to measure consumers' perceptions of event characteristics. Then, a pre-test was performed to select a list of real sporting events that could be utilized in the scale development process. After performing the pre-test, Survey 1 was performed to examine the factor structure of event characteristics. Survey 1 was the exploratory phase, designed to determine how many latent variables underlay a set of items measuring respondents' perceptions of event characteristics. Finally, Survey 2 was performed. The purposes of performing Survey 2 were twofold. First, Survey 2 evaluated whether new data confirmed the proposed factor structure of the event characteristics determined in the exploratory phase. Secondly, Survey 2 examined the relationships among each dimension of event characteristics, and the two mediating variables – perceived sponsorship costs and perceived sponsorship benefits.

Figure 10. Overview of Method for Study 2



## Sampling Procedure

The primary method of data collection was a Web-based survey and the sample was recruited from the same subject pool used in Study 1 (i.e., the Virtual Consumer Research Group Panel). The sampling procedure incorporated in Study 2 was identical to the sampling procedure of Study 1. Although the same pool of sample participants was used in Study 1 and Study 2, participants in each study were mutually exclusive, meaning that no subject participated in more than one survey for this dissertation.

## Item Generation

As shown in Figure 10, the first step of Study 2 was to compile an initial pool of items assessing consumers' perceptions of event characteristics. The relevant literature in advertising and marketing was reviewed to identify items that could be used to describe consumers' perceptions of event characteristics.

Not finding a predefined scale encompassing various aspects of event characteristics, a number of items were developed, based on anecdotal accounting and theoretical justifications found in prior literature. These items were intended to describe central characteristics of sporting events, such as the size of the event, the professional status of players, the tradition and/or history associated with the event, the venue in which the event is staged, the promotional appearance of the sponsored event, the length of the event, the level of media exposure, the number of performers, the amount of physical space occupied, etc. (e.g., Gwinner 1997; Kinney and Bell 2004; Pracejus 2004; McDonald 1991). Table 15 shows illustrative samples of items describing different characteristics of sporting events.

Table 15. Illustrative Samples of Items for the Perceptions of Event Characteristics

Items	Relevant Construct
There is more media coverage of this event than of a typical sporting event	Media Exposure
This event draws spectators only from the local community	Spectator/Players/Participants
The level of competition for these events is very high	Professional Status
These events generally provide corporations with great opportunities for advertising, promotional tie-ins and other marketing activities	Promotional Capability
This event occupies a great amount of physical space	Physical Space
This event has a rich history and tradition as a sporting event	History and Tradition



After compiling the initial items for scale development, four expert judges, consisting of three advertising professors and one marketing professor, were asked to provide feedback to reduce the universe of items into a set that would be reasonable for consumer ratings. Each judge was asked to independently evaluate and eliminate items that were less applicable for measuring event characteristics. Based on the feedback of the expert judges, the final set of items intended to measure subjects' perceptions of event characteristics was presented.

### **Pre-test: Event Selection**

After compiling the initial pool of items assessing the perceptions of event characteristics, a pre-test was performed to select a list of real sporting events that could be utilized in the survey. Three criteria guided the selection of a set of sporting events: (1) only sporting events (e.g., baseball, football, etc.) actively involved in sponsorship were considered; (2) a wide variety of events representing a spectrum of event characteristics should be selected to enhance the scope of the scale, and (3) well-known events were considered, for accurate responses to the items measuring respondents' perceptions of event characteristics. To identify appropriate sporting events, the *Sports Sponsor FactBook* (2005) was used.

The pre-test employed the following three stages. First, twelve different sports, such as baseball, football, basketball, etc., actively involved in sponsorship were selected from the *Sports Sponsor FactBook* (2005). These sports together turned out to account for

more than 70 percent of the total number of sporting events/properties involved in sports sponsorship in 2004.

Second, one to four sporting events per sport were randomly selected to ensure a wide spectrum of sporting events, resulting in a total of 28 different sporting events in twelve different types of sports. These 28 sporting events are shown in Table 16.

Third, a questionnaire was developed and distributed to a sample of the population from which the main test subjects were drawn (See Appendix F for sample questionnaire). In order to prevent the fatigue factor from affecting the subjects' answers, the 28 events were randomly divided into four groups, as shown in Table 16, so each group contained only seven sporting events. Each subject was randomly assigned to one of the four event groups and asked to rate seven sporting events. At least 15 subjects were randomly assigned to each event group. A detailed sample description is provided in the "Findings" section. Subjects were asked to rate their familiarity with each event and their overall perceptions of event characteristics, based on seven important aspects of sporting events. Familiarity was measured by a nine-point, three-item, semantic differential scale, anchored by familiar-unfamiliar, experienced-inexperienced, and knowledgeable-not knowledgeable (Kent and Allen 1994; Machleit, Allen and Madden 1993). In order to assess subjects' overall perceptions of event characteristics, each subject was asked to rate the following seven attributes of sporting events on 9-point scales: potential for media exposure, promotional appearance, professional status, scope of spectators, quality of facility, commercialization and size of financial budget (e.g., Gwinner 1997).

Table 16. Initial Pool of Sporting Events and Event Groups

Group 1	Group 2
<ol style="list-style-type: none"> <li>1. Major League Baseball (MLB)</li> <li>2. Women's National Basketball Association (WNBA) League</li> <li>3. Rose Bowl</li> <li>4. X Games</li> <li>5. Nationwide Tour</li> <li>6. Alabama Sports Festival</li> <li>7. New York City Marathon</li> </ol>	<ol style="list-style-type: none"> <li>1. Major League Soccer (MLS)</li> <li>2. Daytona International 500</li> <li>3. NCAA Football League</li> <li>4. Olympic Games</li> <li>5. State Games of North Carolina</li> <li>6. National Hockey League (NHL)</li> <li>7. Minor League Baseball – Rookie</li> </ol>
Group 3	Group 4
<ol style="list-style-type: none"> <li>1. Indy Racing League</li> <li>2. National Basketball Association (NBA) League</li> <li>3. Minor League Baseball - Triple A</li> <li>4. Super Bowl</li> <li>5. Arena Football League (AFL)</li> <li>6. PGA Tour</li> <li>7. Major Indoor Soccer League</li> </ol>	<ol style="list-style-type: none"> <li>1. Minor League Soccer</li> <li>2. Liberty Bowl</li> <li>3. NASCAR Racing</li> <li>4. Games of Texas</li> <li>5. LPGA Tour</li> <li>6. National Football League (NFL)</li> <li>7. Boston Marathon</li> </ol>

Based on the results of the pre-test, 12 events were selected that best meet the criteria proposed to select appropriate events (i.e., suitable for sports sponsorship, well-known, and representing a spectrum of event characteristics).

### **Exploratory Phase: Survey 1**

Respondents were randomly assigned to rate two of the twelve sporting events selected in the pre-test (i.e., the *Event Selection* section), by responding to the items selected in the *Item Generation* section (See Appendix G for sample questionnaire). A detailed sample description is provided in the “Findings” section. The data obtained in the exploratory phase was analyzed by exploratory factor analysis. The primary purpose of the analysis was to determine how many latent variables (or constructs) underlay a set of items measuring perceptions of event characteristics. Also, the number of items

necessary to account for the variations among the original items was refined, resulting in a reduced set of items. Consequently, the initial factor structure of the perceptions of event characteristics was identified with the reduced set of items.

### **Confirmatory and Relationship Validation Phase: Survey 2**

The purpose of the confirmatory and relationship validation phase was twofold. First, it aimed to evaluate whether new data confirmed the proposed factor structure of the perceived event characteristics determined in the exploratory phase (Survey 1). Second, it examined the relationships among each dimension of event characteristics and the two mediating variables – perceived sponsorship costs and benefits – in order to develop formal hypotheses in the next chapter (See Appendix H for sample questionnaire).

In order to achieve the abovementioned goals, the items identified in the exploratory phase were tested, using an independent sample of subjects to evaluate whether the new data confirmed the proposed factor structure of the perceived event characteristics. Each subject was randomly assigned to rate three of the twelve sporting events selected in the pre-test (i.e., the *Event Selection* section), by responding to the items identified in the exploratory phase. A detailed sample description is provided in the “Findings” section.

After rating three sporting events on the items measuring the perceptions of event characteristics, subjects were asked to rate eight items measuring perceived sponsorship costs and perceived sponsorship benefits in relation to the three sporting events they had

just encountered. Nine-point, Likert type scales were used to measure perceived sponsorship costs and perceived sponsorship benefits. Subjects were first asked to rate four items measuring perceived sponsorship costs, and they then turned to the next page, to rate four items measuring perceived sponsorship benefits.

Not finding a predefined scale to measure perceived sponsorship costs and benefits in a sports sponsorship context, eight items were developed, based on related literature in advertising and marketing. Consistent with Kirmani and her colleagues (Kirmani and Wright 1989; Kirmani 1990; Homer 1995), four items describing deviations from expectations about typical spending levels for a sports sponsorship deal were developed to measure perceived sponsorship costs. These four items were “The cost of a corporation’s sponsorship of the ... is way above the average for sponsorship at all other levels of sports”; “It costs much more for a corporation to become a sponsor of the ... than seems usual for a typical sports sponsorship deal”; “The expenditure necessary for a corporation to become a sponsor of the ... is much higher than for an average sports sponsorship deal,” and “It is very expensive for a corporation to become a sponsor of the ..., compared to a typical sports sponsorship deal.”

Also, the following four items were developed to measure perceived sponsorship benefits, which describe perceptions of a corporation’s benefits in relation to its contributions to a sponsored event (e.g., Li and Dant 1997): “A corporation benefits more from the sponsorship deal with ..., compared to the amount of contribution it brings to the sponsored event”; “A corporation gets more advantages from the sponsorship deal with ... than it gives to improve the quality of the sponsored event”; “A corporation benefits more from the sponsorship deal with the ... than it gives in funding for the

sponsored event,” and “A corporation makes more profit than loss by being a sponsor of ...”

The validity of the items measuring perceived sponsorship costs and benefits was examined via exploratory and confirmatory factor analyses, using two independent samples of subjects. Eighty-seven responses to the eight-item questionnaire, measuring perceived sponsorship costs and benefits, were factor-analyzed by principal components analysis with a promax rotation. Each respondent rated three of the twelve corporations selected in the pre-test of Study 2, resulting in 261 cases for analyses. Two factors with eigenvalues greater than one were extracted, which explained 87 percent of the variance before rotation. All factor loadings were greater than .85, and the Cronbach’s alpha scores of the two factors were greater than .90. An additional sample of subjects was recruited and was asked to rate the eight items again (119 respondents rated three corporations, resulting in 357 cases for analyses), and the results confirmed that four items loaded on perceived sponsorship costs, and the remaining four items loaded on perceived sponsorship benefits with significant and substantial factor loadings (i.e., loadings greater than .65 and significant at  $p < .01$ ). Multiple model-fit indices were within a satisfactory range ( $\chi^2(19) = 108.19$ ,  $p < .01$ ; CFI = .98; TLI = .97; SRMR = .02; RMSEA = .11), indicating that the data fit the two-factor model very well. Cronbach’s alpha scores for each factor were greater than .90, indicating satisfactory internal consistency reliability. Therefore, the eight items appeared to be good items to measure perceived sponsorship costs and benefits.

The data obtained in the confirmatory and relationship validation phase was analyzed with confirmatory factor analysis. Based on the results of the confirmatory

factor analysis, the final set of items measuring consumers' perceptions of event characteristics was presented. Also, bivariate correlations were calculated to examine the relationships among each dimension of event characteristics and perceived sponsorship costs/benefits.

## **FINDINGS**

### **Item Generation**

More than 50 items regarding different characteristics of sporting events were derived from the relevant research in advertising and marketing. After checking the face validity of the items with three advertising and one marketing professors, a total of 37 items were selected. Table 17 shows the initial pool of items describing the perceptions of event characteristics.

### **Pre-test: Event Selection**

The purpose of performing the Pre-test was to select a set of sporting events to be used in Survey 1 and Survey 2. Based on the results of the Pre-test, twelve sporting events turned out to best meet the criteria proposed to select appropriate events.

Table 17. Initial Pool of Items Describing Perceptions of Event Characteristics

37 Items Describing Event Characteristics
<ul style="list-style-type: none"> <li>▪ ... generally have difficulties securing adequate funding.</li> <li>▪ ... generally provides its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities.</li> <li>▪ ... are highly commercialized.</li> <li>▪ ... are an effective marketing medium for its sponsors.</li> <li>▪ Significant marketing and promotion efforts are made to increase attendance at ...</li> <li>▪ ... are always interested in selling themselves for sponsorships.</li> <li>▪ Advertisements of sponsoring companies are easily seen at ...</li> <li>▪ Products and services of sponsoring companies are sold at ...</li> <li>▪ ... promote the products and services of its sponsors.</li> <li>▪ ... are very good at making the brand names of their sponsors visible to the public.</li> <li>▪ ... are usually covered by national media.</li> <li>▪ The extent to which any of the media (e.g., TV, radio, magazine, Internet, etc.) covers ... is greater than on average for other sporting events.</li> <li>▪ ... have great potential for high media exposure and publicity.</li> <li>▪ The coverage of ... generally involves a national media contract.</li> <li>▪ There are many different media outlets (e.g., radio, television, etc.) that cover ...</li> <li>▪ The media has great interest in covering ...</li> <li>▪ There is more local media than national media that cover ...</li> <li>▪ ... draw media audience from all over the country.</li> <li>▪ ... are an important sporting events for many people.</li> <li>▪ ... are popular in America.</li> <li>▪ Overall, ... are a very respected sport.</li> <li>▪ ... have a rich history and tradition as a sporting event.</li> <li>▪ ... are nationally recognized.</li> <li>▪ Typical players of ... have a strong sense of professionalism.</li> <li>▪ The professionalism of the typical players of ... is very impressive.</li> <li>▪ Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports.</li> <li>▪ The players or teams in ... are highly competitive with each other.</li> <li>▪ Players of ... are very laid back (reverse code).</li> <li>▪ ... draw spectators from all over the country.</li> <li>▪ The average number of spectators for ... is greater than that for other sporting events.</li> <li>▪ ... tend to draw a high number of spectators.</li> <li>▪ Fans of ... are spread across the country.</li> <li>▪ Fans of ... come from all walks of life.</li> <li>▪ In general, ... are staged in attractive places.</li> <li>▪ ... are usually held in popular places.</li> <li>▪ The venue in which ... is staged is very attractive.</li> <li>▪ Typically, ... are played in great facilities.</li> </ul>

### Sample Description

Invitation email messages of the online survey for the Pre-test were delivered to 817 panelists in the U.S. population. All participants were entered into a drawing for a



cash prize of \$150. A total of 114 subjects completed the survey, resulting in the response rate of 14 percent. Among the 114 respondents to the survey, 44 percent were male and 56 percent were female. Thirty-four percent were between ages 18 to 34; 29 percent, ages 35 to 44; 28 percent, 45 to 54 years old; and 9 percent, 55 or older. Eighty-five percent of the respondents had some college education or college degrees. Eighty-two percent of the respondents were white; African-American, Hispanic and Asian respondents were three, two and two percent, respectively. Fifty-nine percent of the survey respondents had annual incomes of \$50,000 or higher.

#### Final Set of Sporting Events

Each respondent rated seven randomly selected sporting events from the pool of 28 sporting events listed in Table 16. This process resulted in each sporting event being rated by 18 to 20 respondents. Table 18 shows the final set of sporting events that best met the criteria proposed to select appropriate sporting events, i.e., familiar events with substantial degrees of variations in the perceptions of event characteristics, in diverse types of sports.

As shown in Table 18, familiarity scores for all twelve sporting events were greater than the mid-point of 5. The overall perceptions of event characteristics ranged from 5.31 to 8.59, with standard deviations ranging from .75 to 2.41. Also, the final twelve sporting events turned out to be a good mixture of diverse types of sports, such as football, hockey, basketball, baseball, marathon, etc. In summary, the twelve sporting events listed in Table 13 best met the proposed selection criteria.

Table 18. Means and Standard Deviations of the Final Twelve Sporting Events

Sporting Events	Familiarity	Event Characteristics
Super Bowl	8.27 (1.82)	8.59 (0.80)
Olympic Games	7.72 (1.88)	8.33 (0.90)
National Basketball Association (NBA)	7.07 (2.28)	8.11 (0.81)
Rose Bowl	6.94 (2.54)	7.29 (2.06)
National Football League (NFL)	6.73 (2.79)	7.62 (2.41)
PGA Tour	6.27 (2.24)	8.17 (1.07)
NCAA Football League	6.11 (3.28)	8.21 (0.75)
National Hockey League (NHL)	5.83 (2.79)	7.03 (2.05)
Major League Baseball (MLB)	5.76 (2.09)	7.18 (0.97)
Minor League Baseball (MiLB) - Triple A	5.47 (2.52)	5.31 (1.48)
Women's National Basketball Association (WNBA)	5.11 (3.07)	7.85 (1.15)
New York City Marathon	5.06 (2.17)	5.68 (2.02)

*Note.* All variables measured on nine-point scales (high numbers represent high values of each variable); standard deviations in parentheses; familiarity was measured with three items, and Cronbach's Alpha ranged from .72 to .96; perceptions of event characteristics were measured on seven items, and Cronbach's Alpha ranged from .72 to .97; number of responses per event ranged from 18 to 20; all variables did not vary across different genders ( $p > .05$ ).

### Exploratory Phase Results: Survey 1

In the exploratory phase (Survey 1), subjects' responses to the 37 items measuring the perceptions of event characteristics were analyzed by an exploratory factor analysis, using SPSS 13.

#### Sample Description

The URL of the online survey was delivered to 1,329 panelists in the U.S. population. All participants were entered into a drawing for a cash prize of \$150. A total of 226 subjects completed the survey, resulting in the response rate of 17 percent. After eliminating thirteen subjects who indicated incomplete answers or the same numbers throughout the questionnaire, responses from 213 respondents were used in the data

analysis. Among the 213 respondents, 39 percent were male and 61 percent were female. Thirty percent were between ages 18 to 34; 30 percent, ages 35 to 44; 23 percent, 45 to 54 years old; and 17 percent, 55 or older. Eighty-three percent of the respondents had some college education or college degrees. Eighty-six percent of the respondents were white; African-American, Hispanic and Asian respondents were five, four and two percent, respectively. Fifty-four percent of the survey respondents had annual incomes of \$50,000 or higher.

### Analysis

Responses from 213 respondents to a 37-item questionnaire were used for this analysis. Because each respondent rated two corporations, a total of 426 cases was used in the data analysis. Each sporting event listed in Table 18 was rated by 33 to 42 subjects. The degree of missing data was less than one percent, ranging from one to four missing responses per item. Using the listwise method, all responses with missing data were excluded from the analysis. All items were measured on nine-point, Likert-type scales, ranging from strongly disagree (coded as one) to strongly agree (coded as nine). Higher numbers represent higher values of each item.

To assess the factor structure of subjects' responses to the 37 items measuring the perceptions of event characteristics, an exploratory factor analysis was performed, using principal components analysis, followed by a promax rotation. Promax rotation was selected, as dimensions of event characteristics are usually inter-related in theory and practice. To determine the optimum factor solution, the following criteria were used: (1)

eigenvalue greater than one, (2) performance of scree test, and (3) interpretability of the factors.

The initial factor solution resulted in four factors with eigenvalues greater than one. The scree plot also suggested extracting four factors, as it started to level off from the fifth factor. In order to purify the list, 21 items were eliminated, as they did not substantially load on any factor, using a cut-off point of .65 (DeVellis 2003), or they cross-loaded on more than one factor (i.e., items with loadings of .35 or greater on more than one of the factors) (e.g., Ohinian 1990). As a result, 16 items were kept, and an exploratory factor analysis was rerun with these 16 items.

This process again resulted in a four-factor solution with eigenvalues greater than one, which became the final factor model. In the final factor model, the pattern structure turned out to be the most evenly distributed, with substantial amounts of factor loadings (i.e., greater than .65), and no item cross-loaded on more than one factor. Before rotation, the four factors together explained 77 percent of the variance in the set of items. All factors displayed satisfactory levels of internal consistency reliability, as indicated by Cronbach's alpha values exceeding the lower acceptable bound of .70 (Nunnally and Bernstein 1994). Table 19 shows the 16 items used in the final factor model, along with corresponding factor loadings, and Cronbach's alpha scores for each dimension. The correlations of each pair of the three factors ranged from .44 to .65.

As shown in Table 19, a clear pattern emerged for the four correlated factors solution. The first factor, called Promotional Capability, underlies five items (e.g., "... promotes the products and services of its sponsors") assessing respondents' perceptions of the capability of a sporting event to provide its corporate sponsors with marketing

Table 19. Factor Loadings, Eigenvalues and Cronbach's Alphas for Exploratory Factor Model for Event Characteristics

Items	Factor 1	Factor 2	Factor 3	Factor 4	alpha
PC1	--	.650	--	--	.90
PC2	--	.882	--	--	
PC3	--	.797	--	--	
PC4	--	.854	--	--	
PC5	--	.787	--	--	
MA1	.802	--	--	--	.93
MA2	.900	--	--	--	
MA3	.834	--	--	--	
MA4	.836	--	--	--	
MA5	.814	--	--	--	
VA1	--	--	.911	--	.88
VA2	--	--	.822	--	
VA3	--	--	.876	--	
PF1	--	--	--	.846	.85
PF2	--	--	--	.948	
PF3	--	--	--	.687	
Eigenvalue	8.79	1.34	1.16	1.02	

Note. Extraction Method: Principal Component Analysis.

Rotation Method: Promax with Kaiser Normalization (Rotation converged in 6 iterations).

Not shown in the table are factor loadings less than .35.

PC1: ... generally provide their sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities.

PC2: Advertisements of sponsoring companies are easily seen at ...

PC3: Products and services of sponsoring companies are sold at ...

PC4: ... promote the products and services of its sponsors.

PC5: ... are very good at making the brand names of their sponsors visible to the public.

MA1: ... have great potential for high media exposure and publicity.

MA2: The coverage of ... generally involves a national media contract.

MA3: The media has great interest in covering ...

MA4: ... draw spectators from all over the country.

MA5: ... tend to draw a high number of spectators.

VA1: In general, ... are staged in attractive places.

VA2: ... are usually held in popular places.

VA3: The venue in which ... are staged is very attractive.

PF1: Typical players of ... have strong sense of professionalism.

PF2: The professionalism of the typical players of ... is very impressive.

PF3: Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports.

opportunities. The second factor, called Media/Audience Attraction, measured by a set of

five items (e.g., "... tends to draw a high number of spectators") describes the extent to

which respondents perceive that a sporting event draws media audiences and spectators.

The third factor, referred to as Venue Attractiveness, underlie three items (e.g., "The

venue in which ... is staged is very attractive") assessing respondents' perceptions of the

attractiveness of the venue in which a sporting event is staged. Finally, the fourth factor, referred to as Professionalism of Players, underlies three items (e.g., “Typical players of ... have strong sense of professionalism.”) that describes the level of professionalism of typical players participating in a sporting event.

### **Confirmatory and Relationship Validation Phase Results: Survey 2**

There were two primary goals of Survey 2. First, in the confirmatory phase, Survey 2 aimed to evaluate whether new data confirmed the proposed factor structure of the event characteristics determined in the exploratory phase. Secondly, in the relationship validation phase, it examined the relationships among each dimension of event characteristics, and the two mediating variables – perceived sponsorship costs and perceived sponsorship benefits.

#### Sample Description

The URL of the online survey was delivered to 776 panelists in the U.S. population. All participants were entered into a drawing for a cash prize of \$150. A total of 132 subjects completed the survey, resulting in the response rate of 16 percent. After eliminating thirteen cases that indicated incomplete answers or the same numbers throughout the questionnaire, responses from 119 respondents were used in the data analysis. Among the 119 respondents, 42 percent were male and 58 percent were female. Twenty-three percent were between ages 18 to 34; 24 percent, ages 35 to 44; 23 percent,

45 to 54 years old; and 30 percent, 55 or older. Eighty-six percent of the respondents had some college education or college degrees. Eighty-five percent of the respondents were white; African-American, Hispanic and Asian respondents were three, four and seven percent, respectively. Sixty-two percent of the survey respondents had annual incomes of \$50,000 or higher.

### Confirmatory Phase Results

The validation of the factor structure suggested in the exploratory phase (Survey 1) was performed by a confirmatory factor analysis (CFA) with Mplus 3.13. A total of 119 subjects' responses to the 16 items verified in the exploratory phase was used in the analyses. Because each respondent rated three sporting events, the number of cases for the data analyses was 357 (119\*3). The degree of missing data was less than two percent, ranging from two to eight missing responses per item. Using the listwise method, all responses with missing data were excluded from the analysis. All items were measured on nine-point, Likert type scales, ranging from strongly disagree (coded as one) to strongly agree (coded as nine). Higher numbers represent higher values of each item.

The results of the initial confirmatory factor analysis revealed that the new data fit the factor model determined in the exploratory phase reasonably well, as most of the fit indices were within a satisfactory range. The Comparative Fit Index (CFI) was .95; the Standardized Root Mean Square Residual (SRMR) was .05; the Tucker-Lewis Index (TLI) was .94, and the Root Mean Square Error of Approximation (RMSEA) was .05. However, one of the five items assessing Promotional Capability ("Products and services

of sponsoring companies are sold at ...”) was eliminated, as the factor loading of this item was .53, lower than the lower acceptable bound of .65. As a result, 15 items were retained, and a confirmatory factor analysis was rerun with these 15 items. The resulting model became the final factor model for event characteristics.

Overall, estimating the goodness-of-fit of the final factor model revealed that the data fit the model very well, as indicated by multiple fit indices within a satisfactory range. The CFI was .96, and the SRMR was .06, satisfying Hu and Bentler’s (1999) joint criteria to retain a model. Also, the TLI was .95, and the RMSEA was .08 – all within a range of acceptable model fit. The chi-square was significant ( $\chi^2 (84) = 285.51, p < .01$ ), suggesting that the observed data did not fit well with the proposed model. Nonetheless, this chi-square value was still considered appropriate, given the large sample size used in this study\*.

Table 20 shows additional statistics, such as standardized and unstandardized factor loadings with results of corresponding significance tests, item means and standard deviations, and Cronbach’s alpha scores. As shown in Table 20, each item had acceptable construct validity, indicated by a minimum factor loading of .65 (Nunnally and Bernstein 1994). Internal consistency reliability was also satisfactory, as Cronbach’s alpha scores of each construct exceeded the standard acceptance norm of .70 (Nunnally and Bernstein 1994).

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\*  $\chi^2$  test is sensitive to sample size, and frequently leads to rejection of the model, even though differences between observed and predicted covariances are slight (Bagozzi and Yi 1988; Bentler 1990). With this shortcoming in mind, researchers suggest calculating the  $\chi^2$  to degrees of freedom ratio (i.e.,  $\chi^2/df$ ), called the Normed Chi-square (NC) to reduce the sensitivity of  $\chi^2$  to sample size (Kline 2005). Bollen (1989) notes that values of the NC as high as 5.0 have been recommended as indicating reasonable model fit. For the model examining event characteristics in this study, NC was estimated as 3.4 (i.e.,  $285.51/84 = 3.40$ ), which did not exceed five, the lower acceptable boundary for model fit.



Table 20. Means, Standard Deviations and Factor Loadings of Each Item, and Cronbach's Alphas for Each Dimension in the Confirmatory Factor Model of Event Characteristics

Construct	Indicator	Mean (S.D.)	Factor Loadings			$\alpha$
			UnStd.	S.E.	Std.	
Promotional Capability	PC1	7.09 (1.85)	1.60	0.08	0.86	.91
	PC2	7.19 (1.70)	1.45	0.07	0.85	
	PC3	7.03 (1.65)	1.25	0.08	0.76	
	PC4	7.08 (1.77)	1.56	0.08	0.88	
Media/Audience Attraction	MA1	7.12 (2.05)	1.94	0.08	0.95	.93
	MA2	6.99 (2.13)	1.79	0.09	0.84	
	MA3	6.99 (2.17)	2.01	0.09	0.93	
	MA4	7.36 (1.89)	1.46	0.09	0.78	
	MA5	7.21 (1.87)	1.49	0.08	0.80	
Venue Attractiveness	VA1	6.94 (1.77)	1.62	0.07	0.93	.93
	VA2	6.89 (1.89)	1.63	0.08	0.86	
	VA3	6.82 (1.83)	1.70	0.07	0.93	
Professionalism of Players	PF1	6.48 (1.93)	1.76	0.08	0.91	.87
	PF2	6.29 (1.99)	1.74	0.09	0.88	
	PF3	7.20 (1.68)	1.23	0.08	0.73	

*Note.* All factor loadings were significant at  $p < .01$ ; all indicators were measured on a nine-point, Likert-type scale for agreement with the following statements (1 = strongly disagree, 9 = strongly agree):

PC1: ... generally provide its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities.

PC2: Advertisements of sponsoring companies are easily seen at ...

PC3: ... promote the products and services of its sponsors.

PC4: ... are very good at making the brand names of their sponsors visible to the public.

MA1: ... have great potential for high media exposure and publicity.

MA2: The coverage of ... generally involves a national media contract.

MA3: The media has great interest in covering ...

MA4: ... draw spectators from all over the country.

MA5: ... tend to draw a high number of spectators.

VA1: In general, ... are staged in attractive places.

VA2: ... are usually held in popular places.

VA3: The venue in which ... are staged is very attractive.

PF1: Typical players of ... have strong sense of professionalism.

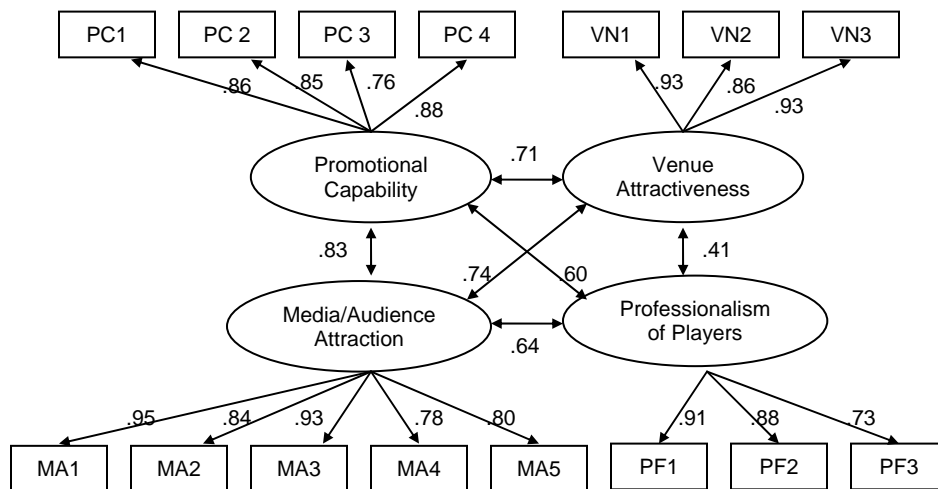
PF2: The professionalism of the typical players of ... is very impressive.

PF3: Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports.

Figure 11 shows the visual description of the confirmatory factor model with standardized factor loadings, inter-factor correlations and model-fit indices. Ellipses represent constructs, and rectangles represent the observed variables. Arrows connecting constructs with variables represent factor loadings. Again, the model-fit indices show that

the observed data fit the four-correlated-factor model very well, and the significant and substantial factor loadings indicate acceptable construct validity.

Figure. 11. Confirmatory Factor Model of Event Characteristics with Standardized Factor Loadings, Inter-factor Correlations, and Model-fit Indices



Model-Fit Indices:

$\chi^2(84) = 285.51$ ; CFI = .96; TLI = .95  
RMSEA = .08; SRMR = .06; NC = 3.40

*Note:* All factor loadings and inter-factor correlations were significant at  $p < .01$ ; numbers are presented based on standardized solution; not depicted in the figure are residual variances for each item

- PC1: ... generally provide its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities.  
 PC2: Advertisements of sponsoring companies are easily seen at ...  
 PC3: ... promote the products and services of its sponsors.  
 PC4: ... are very good at making the brand names of their sponsors visible to the public.  
 MA1: ... have great potential for high media exposure and publicity.  
 MA2: The coverage of ... generally involves a national media contract.  
 MA3: The media has great interest in covering ...  
 MA4: ... draw spectators from all over the country.  
 MA5: ... tend to draw a high number of spectators.  
 VA1: In general, ... are staged in attractive places.  
 VA2: ... are usually held in popular places.  
 VA3: The venue in which ... are staged is very attractive.  
 PF1: Typical players of ... have strong sense of professionalism.  
 PF2: The professionalism of the typical players of ... is very impressive.  
 PF3: Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports.

## Relationship Validation Results

Research Question 3 asked how the dimensions of the consumers' perceptions of event characteristics relate to perceived sponsorship costs and perceived sponsorship benefits. In order to answer Research Question 3, index scores for each dimension of event characteristics, perceived sponsorship costs, and perceived sponsorship benefits were calculated by averaging individual item scores. Then, a series of bivariate correlations were calculated to examine the strength and directions of the relationships between each dimension of event characteristics, and perceived sponsorship costs and perceived sponsorship benefits. As shown in Table 16, all four dimensions of event characteristics were found to have positive and significant correlations with both perceived sponsorship costs and perceived sponsorship benefits with Pearson's correlation coefficients ranging from .29 to .76.

Table 21. Correlations Among Each Dimension of Event Characteristics, Perceived Sponsorship Costs and Perceived Sponsorship Benefits

	PC	MA	PF	VN	CT	BF
PC	1.00					
MA	0.76	1.00				
PF	0.57	0.40	1.00			
VN	0.66	0.70	0.59	1.00		
CT	0.54	0.64	0.29	0.47	1.00	
BF	0.61	0.58	0.39	0.52	0.63	1.00

*Note.* All correlations coefficients were significant at  $p < .01$ .

PC: Promotional Capability

MA: Media/Audience Attraction

PF: Professionalism of Players

VN: Venue Attractiveness

CT: Sponsorship Costs

BF: Sponsorship Benefits

## **SUMMARY OF STUDY 2**

The purpose of Study 2 was twofold. First, it examined the factor structure of the perceptions of event characteristics. Secondly, it explored the relationships between each dimension of event characteristics and the two mediating variables, perceived sponsorship costs and perceived sponsorship benefits.

In order to examine the factor structure of respondents' perceptions of event characteristics, items describing different aspects of event characteristics were developed, based on relevant literature in advertising and marketing. After running a series of surveys, the performance of each item was evaluated by exploratory and confirmatory factor analyses. The results revealed that four factors underlay a set of 15 items measuring respondents' perceptions of event characteristics. These factors were perceived promotional capability, media/audience attraction, venue attractiveness, and the professionalism of players.

Besides verifying the factor structure of the perceptions of event characteristic, bivariate correlations among the four dimensions of event characteristics and the two mediating variables – perceived sponsorship costs and benefits – were explored. It turned out that all Pearson's correlation coefficients were positive and statistically significant. This suggests that each dimension of the event characteristics may affect CA and CSR beliefs through the mediation of perceived sponsorship costs and benefits. This issue was directly tested in the next chapter.

## **CHAPTER IX.**

### **STUDY 3: TESTING HYPOTHESIZED CAUSAL MODELS**

The previous two studies (Study 1 and Study 2) revealed that there are four dimensions of the perceptions of event characteristics (i.e., Promotional Capability, Media/Audience Attraction, Venue Attractiveness, and Professionalism of Players), and each dimension of event characteristics positively influences the perceptions of sponsorship costs (i.e., how much a corporate sponsor would have to spend to become a sponsor of a sporting event) and the perceptions of sponsorship benefits (i.e., how much a corporate sponsor would benefit from the sponsorship deal in relation to its contribution to the sponsored event). In addition, the previous two studies examined the factor structures of respondents' beliefs about a sponsor, in terms of corporate ability (CA) and corporate social responsibility (CSR) beliefs. It turned out that CA beliefs consist of three dimensions – Financial Performance, Product Quality, and Technological Innovativeness – and CSR beliefs consist of two dimensions – Community Support and Customer Sensitivity.

Based on the results of the previous studies, Study 3 aimed to examine how and why perceptions of event characteristics affect CA and CSR beliefs. Drawing from signal theory and attribution theory, a series of hypotheses were developed to test two causal models that explicated the relationships among the four dimensions of event characteristics, perceived sponsorship costs/ benefits and each dimension of CA/CSR beliefs about a sponsor.

## **THEORETICAL BACKGROUND AND HYPOTHESES**

### **Impacts of Event Characteristics on CA Beliefs**

Signal theory, discussed in Chapter 5, provides a theoretical foundation for understanding the effects of consumers' perceptions of event characteristics on CA beliefs, through the mediation of the perceived sponsorship costs. Signal theory emerged from the study of information economics, under conditions in which buyers and sellers possess asymmetric information (Spencer 1973; Kirmani and Rao 2000): for instance, when sellers know the quality of their goods, but buyers are not fully informed about the quality of a seller's goods. In this setting, consumers cannot readily evaluate the product quality and would like information that allows them to distinguish the high-quality seller from the low-quality seller. Therefore, a need arises for market mechanisms by which firms can credibly inform consumers about the product or company. Signal theory suggests that marketers can use "signals," defined as manipulative attributes or activities that convey information about the characteristics of economic agents (Spence 1973), to inform consumers about the abilities of a corporation. For example, marketing literature suggests that extrinsic marketing cues such as advertising expense, warranty, price or brand name can be interpreted by consumers as credible signals of the quality of products or the managerial confidence (Kirmani and Rao 2000).

From the perspective of signal theory, Kirmani and Wright (1989) and Kirmani (1999) illustrate how different elements of advertising campaigns affect the perceptions of corporate ability or performance, through the mediation of the perceptions of

advertising costs. Kirmani and Wright (1989) outline two steps necessary for making an inference about a company's ability and performance by observing different ad elements. First, consumers encode cost-related information, either through direct observation of an ad campaign or through past experiences. For example, consumers may perceive the advertising costs of a World Series baseball ad as higher than that of a *Sports Illustrated* magazine ad, even if they don't know exactly how many dollars are spent on each advertising campaign. Second, this cost perception, whether correct or not, evokes an inference about the company's ability such as brand quality, product quality, the financial strength of the firm, or the managerial confidence in providing a quality product. Kirmani and Wright (1989) and Kirmani (1990) performed multiple experiments and found that variations in the ad elements can reliably predict consumers' perceptions of advertising costs, which people typically interpret as a credible signal of the quality of product/services or managerial confidence (Kirmani and Wright 1989). This indicates that consumers' perceptions of ad elements affect the perceptions of corporate ability, and that this relationship is mediated by the perceptions of advertising costs.

Consistent with Kirmani and her colleagues, it is proposed that people encode cost-relevant information by observing different characteristics of a sponsored event, and such perceptions of sponsorship costs affect the levels of CA beliefs. For instance, consumers may perceive that the costs to become an Olympic sponsor are greater than the costs to become a sponsor of the College Football league, by observing the characteristics of the events, such as the amount of potential media coverage or number of participants. Then, these cost perceptions, whether correct or not, evoke an inference about the company's abilities in manufacturing and providing products and services. For example,

consumers may infer that “this company would not be able to sustain a high-level sponsorship deal with the Olympics unless it had adequate financial resources” (e.g., McDonald 1991; Pracejus 2004). Other researchers in sponsorship also support the notion of signal theory. Clark, Cornwell and Pruitt (2002) found that stadium sponsorship agreements are interpreted by financial market participants as effective signals of expected future profitability. McDonald (1991) argues that, when sponsorship is undertaken on a large scale, it automatically confirms the prestige values of a company such as the company size, financial muscle and international status. Meenaghan (2001b) notes that sponsorship is seen as a “rite of passage,” something undertaken only by big companies who are large enough and therefore have adequate funding to undertake such activity.

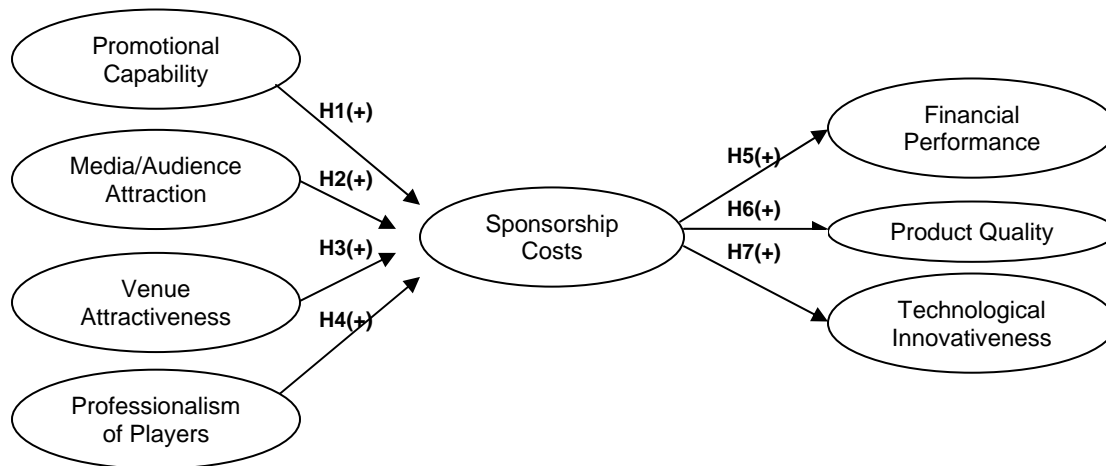
In summary, literature suggests that consumers encode cost-related information from their perceptions of event characteristics, and such perceptions of sponsorship costs, in turn, affect the level of CA beliefs. As previously detailed, Study 2 revealed that each of the four dimensions of event characteristics – Promotional Capability, Media/Audience Attraction, Venue Attractiveness and Professionalism of Players – positively influenced respondents’ perceptions of sponsorship costs. Therefore, each dimension of event characteristics was expected to influence CA beliefs in a positive direction, through the mediation of the perceptions of sponsorship costs. The hypotheses are formally stated as follow, and depicted in Figure 12:

- H1:** Perceived promotional capability of sporting events will positively affect perceived sponsorship costs.
- H2:** Perceived media/audience attraction of sporting events will positively affect perceived sponsorship costs.



- H3:** Perceived venue attractiveness of sporting events will positively affect perceived sponsorship costs.
- H4:** Perceived professionalism of players in sporting events will positively affect perceived sponsorship costs.
- H5:** Perceived sponsorship costs will positively affect perceived financial performance of the sponsor.
- H6:** Perceived sponsorship costs will positively affect perceived product quality of the sponsor.
- H7:** Perceived sponsorship costs will positively affect perceived technological innovativeness of the sponsor.

Figure 12. Impacts of Event Characteristics on CA Beliefs (H1-H7)



### Impacts of Event Characteristics on CSR Beliefs

Attribution theory, discussed in Chapter 5, provides a theoretical foundation for understanding the effects of consumers' perceptions of event characteristics on CSR beliefs, through the mediation of the perceived sponsorship benefits. Attribution theory indicates that average people have theories or commonsense explanations of what causes should be related to what effects, and come to attribute events to one or more of their

possible causes (Ross and Fletcher 1985; Folkes 1988; Kelly 1972; Heider 1958; Mizerski, Golden and Kerman 1979). Similarly, researchers in sponsorship indicate that consumers develop a commonsense explanation of why a sponsor has contributed money or other resources to an event (Dean 2002). This attribution process serves as an important factor shaping consumers' perceptions of a sponsor, especially affecting CSR beliefs.

Implicit or explicitly stated in the message of event sponsorship is that a sponsoring firm is donating a certain amount of money or goods to the event, so the firm is contributing to the event (e.g., Ellen, Mohr and Webb 2000; Quester and Thompson 2001). This indicates that consumers may perceive a sponsorship activity as an altruistic behavior, which positively contributes to the perceptions of CSR. However, sponsorship literature also points out that corporate sponsorship is not always perceived as altruistic, and, therefore, does not uniformly contribute to CSR beliefs (Walliser 2004). This is because consumers are involved in an attribution process, and if any hidden objective of the firm's sponsorship activities is available, this leads to discounting the face value message of the sponsorship such as "We provide charitable funding for this event."

Given that consumers' attributions of sponsorship exist, what mechanism might result in the generation of attributions, and what are the consequences? Consumers can encode benefit-related information by observing event characteristics and form their perceptions of sponsorship benefits. And such perceptions of sponsorship benefits determine the directions of the attribution process, either contributing to or having a detrimental impact on CSR beliefs. For example, consumers may perceive that sponsors can benefit much more from a sponsorship of a football tournament than a soccer

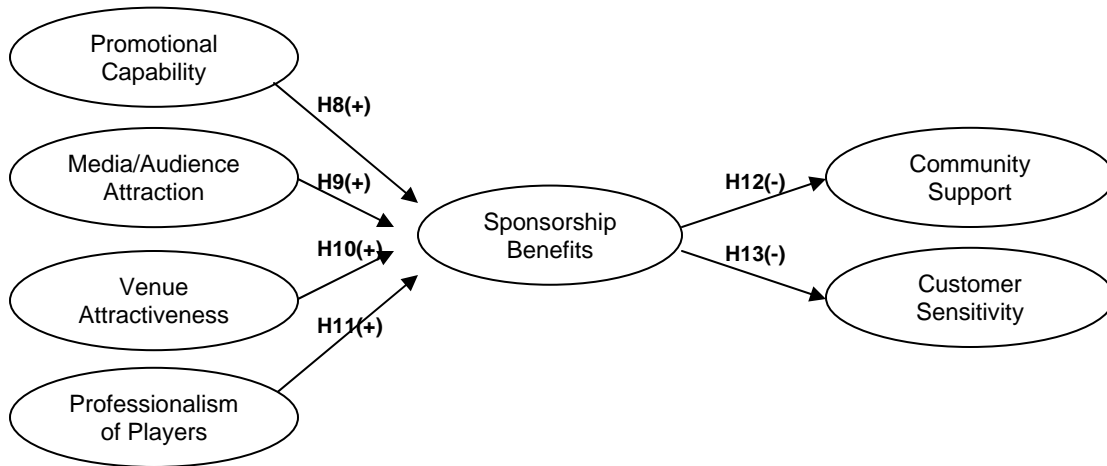
tournament, because they think that football tournaments provide more opportunities for promotional activities than soccer tournaments do. If the perceptions of sponsorship benefits are perceived to be very high, this triggers some hidden objective of the sponsorship activities and tends to discount the face value message intended to promote “goodwill” aspects of a sponsor. Likewise, Walliser (2003) points out that the returned goodwill seems to be negatively related to the perceptions that the sponsor is exploiting or making use of the event for commercial purposes. On the other hand, if the perceptions of sponsorship benefits are perceived to be low, it is less likely that consumers become suspicious about the ulterior motives of a firm’s sponsorship activities, and the sponsorship activity will have positive impacts on CSR beliefs. Consistent with this view, Javalgi et al. (1994) suggest that, to the extent the sponsorship program is viewed as more than a profit-making effort, CSR beliefs may be enhanced as consumers perceive the company as being involved in the community, responsive to customer needs, and committed to worthwhile events, etc.

In summary, literature suggests that consumers encode benefit-related information from their perceptions of event characteristics, and such perceptions of sponsorship benefits, in turn, determine the level of CSR beliefs. When the perceptions of sponsorship benefits are high, this triggers the ulterior motive of a sponsor, having a detrimental impact on CSR beliefs, whereas, when the perceptions of sponsorship benefits are low, this tends to make the altruistic motives of a sponsor salient, having positive impacts on CSR beliefs. As previously detailed, Study 2 revealed that each of the four dimensions of event characteristics – Promotional Capability, Media/Audience Attraction, Venue Attraction, and Professionalism of Players – positively influence respondents’

perceptions of sponsorship benefits. Therefore, each dimension of event characteristics is likely to influence CSR beliefs in a negative direction, through the mediation of perceived sponsorship benefits. The hypotheses are formally stated as follow, and depicted in Figure 13:

- H8:** Perceived promotional capability of sporting events will positively affect perceived sponsorship benefits.
- H9:** Perceived media/audience attraction of sporting events will positively affect perceived sponsorship benefits.
- H10:** Perceived venue attractiveness of sporting events will positively affect perceived sponsorship benefits.
- H11:** Perceived professionalism of players of sporting events will positively affect perceived sponsorship benefits.
- H12:** Perceived sponsorship benefits will negatively affect perceived community support by the sponsor.
- H13:** Perceived sponsorship benefits will negatively affect perceived customer sensitivity of the sponsor.

Figure 13. Impacts of Event Characteristics on CSR Beliefs (H8-H13)



## **METHOD**

The purpose of Study 3 is to examine the proposed hypotheses and causal models explicating the relationships among perceived event characteristics, perceived sponsorship costs/benefits, and CA/CSR beliefs depicted in Figure 12 and Figure 13. In order to achieve this goal, subjects were exposed to one of the eight versions of company profiles of hypothetical corporations, ostensibly prepared by impartial industry experts, and asked to rate a series of variables of interest. Similar to the previous two studies, the primary method of data collection was a Web-based survey, and participants were recruited from the registered members of the VCRG (Virtual Consumer Research Group) Online Panel.

### **Design and Stimulus Material**

As mentioned, eight versions of hypothetical company profiles were developed. The company profiles consisted of two parts. The first part provided general information about the company, such as the history of the company, areas of business, overall reputation, etc. The second part of the company profile detailed the recent sponsorship activities, such that the fictitious company has been actively involved in sports sponsorship.

The first part of the corporate profile was kept identical through all eight versions of the corporate profiles, except that four profiles were of a sports equipment manufacturer and four were of a home electronics manufacturer. Only one fictitious corporate name was used in all eight versions of the company profiles to avoid pre-

existing knowledge of known corporate names from affecting the subjects' responses. Meanwhile, the second part of the company profiles was varied in different versions of the corporate profiles. Appendix I shows a sample company profile used in Study 3.

As shown in Figure 14, two different corporations (i.e., Corporation A and Corporation B) and four different sporting events (i.e., Event A, Event B, Event C, and Event D) were used in the company profiles to enhance external validity of the study. Each corporation was paired with each sporting event, yielding eight versions of company profile.

Figure 14. Company Profile Design

Company Profile Version 1	Company Profile Version 2	Company Profile Version 3	Company Profile Version 4
Corporation A + Event A	Corporation A + Event B	Corporation A + Event C	Corporation A + Event D
Company Profile Version 5	Company Profile Version 6	Company Profile Version 7	Company Profile Version 8
Corporation B + Event A	Corporation B + Event B	Corporation B + Event C	Corporation B + Event D

*Note.* One fictitious corporate name was used in all eight versions of the company profiles

Corporation A: Manufacturer of sports equipment

Corporation B: Manufacturer of home electronics

Event A: Major League Baseball (MLB) games

Event B: Minor League Baseball (MiLB) games

Event C: National Basketball Association (NBA) games

Event D: Women's National Basketball Association (WNBA) games

Figure 14 shows that both corporations are manufacturers of consumer goods – one manufacturing sports equipment, and the other manufacturing home electronics. Although external validity could have been further enhanced by incorporating both product manufacturers and service providers, it was decided not to include service providers, to minimize potential threats to internal validity. Most of the service products, such as insurance or financial products, can be thought of as experiential products (Nelson 1974; Klein 1998), dominated by attributes that cannot be evaluated until the purchase and use of the products. On the other hand, most products of manufacturers, such as athletic shoes or televisions, can be thought of as search products (Nelson 1974), which allow the consumers to form a firsthand evaluation of the product prior to purchase. Marketing literature suggests these different types of products may affect consumers' evaluations of the products and the corporation (e.g., Nelson 1974), and, therefore, incorporating both product manufacturers and service providers might have threatened internal validity. In this regard, only product manufacturers were used for the present study.

Figure 14 also shows that each corporation was paired with one of four sporting events (Events A, B, C, and D). Four real sporting events were selected from the list of events used in Study 2, to ensure variations in the primary exogenous variable – perceptions of event characteristics. Two events – Minor League Baseball (MiLB) and Women's National Basketball Association (WNBA) games – were selected, as they were low in event characteristics measures, and two other events – Major League Baseball (MLB) and National Basketball Association (NBA) games – were selected, as they were high in event characteristics measures in Study 2.

## **Sampling Procedure**

The primary method of data collection was a Web-based survey and the sample was recruited from the same subject pool used in Study 1 and Study 2. Also, the sampling procedure used in Study 1 and Study 2 was employed in Study 2. Although the same pool of sample participants was used in Study 1, Study 2 and Study 3, participants of each study were mutually exclusive, meaning that no subject participated in more than one survey.

## **Procedure and Measures**

Each subject recruited from the VCRG online panel was asked to read one of the eight versions of the company profile. A detailed sample description is presented in the “Findings” section. After reading a company profile, subjects turned to a questionnaire measuring the key variables of interest – perceived event characteristics, CA and CSR beliefs, perceived sponsorship costs and benefits, as well as several auxiliary variables. Appendix J and Appendix K show illustrative sample of the questionnaires.

Subjects’ perceptions of event characteristics, and beliefs about the sponsor (i.e., CA and CSR beliefs) were measured on the scales developed in Study 2. Perceived sponsorship costs and perceived sponsorship benefits were also measured, using the same items employed in Study 2 (See Appendix J for actual items).

As auxiliary variables, the following five variables were measured, using established scales found in the literature (See Appendix K for actual items): sponsor-



event fit (Speed and Thompson 2000), personal liking for the event (Speed and Thompson 2000), credibility of information from the company profile (Block and Keller 1995), involvement with product category (Zaichkowsky 1985), and brand name acceptability (Schmitt, Pan and Tavassoli 1994).

Product category involvement (highly involved-not involved; interested-uninterested; of concern to me-of no concern to me) and brand name acceptability (like-dislike; positive-negative; good-bad; agreeable-disagreeable; pleasant-unpleasant; acceptable-unacceptable) were measured by nine-point, semantic differential scales.

Sponsor-event fit, personal liking for the event, and credibility of information from the company profile were measured by nine-point, Likert-type scales. For sponsor-event fit, subjects rated the following five statements: “There is a logical connection between the event and the sponsor”; “The image of the event and the image of the sponsor are similar”; “The sponsor and the event fit together well”; “The company and the event stand for similar things,” and “It makes sense to me that this company sponsors this event.” For personal liking for the event, the following four statements were used: “I am a strong supporter of this event”; “I would want to attend this event”; “I enjoy following coverage of this event,” and “This event is important to me.” Finally, evaluating the credibility of the information from the corporate profile employed the following three statements: “The information in the company profile is credible”; “I think the information in the company profile is exaggerated,” and “I think the information in the company profile is unbelievable.”

## **FINDINGS**

### **Sample Description**

The URL of the online survey was delivered to 3,576 panelists in the U.S. population. All participants were entered into a drawing for a cash prize of \$150. A total of 608 subjects completed the survey, resulting in the response rate of 17 percent. After eliminating twenty-two cases that indicated incomplete answers or the same numbers throughout the questionnaire, responses from 586 respondents were analyzed.

Among the 586 respondents, 49 percent were male and 51 percent were female. Twenty-eight percent were between ages 18 to 34; 27 percent, ages 35 to 44; 26 percent, 45 to 54 years old; and 19 percent, 55 or older. Eighty-eight percent of the respondents had some college education or college degrees. Eighty-three percent of the respondents were white; African-American, Hispanic and Asian respondents were six, five and four percent, respectively. Sixty-two percent of the survey respondents had annual incomes of \$50,000 or higher.

### **Preliminary Analyses**

Before testing the hypotheses, the quality of the stimulus material (i.e., corporate profile) used in this study was evaluated by inspecting three auxiliary variables – brand name acceptability, the credibility of the information from the corporate profile, and product involvement. In order to achieve a satisfactory level of quality for the stimulus

material, it was necessary to demonstrate that the fictitious brand name used in this study was viewed as being acceptable, that the information from the corporate profile was perceived as credible, and that the product involvement level did not vary across the two types of products (i.e., sports equipment and home electronics) used in this study. The results from the inspection of the three auxiliary variables indicated that the stimulus materials used in this study were well-designed and realistic as follows:

First, the six items measuring brand name acceptability were averaged to derive an index score (Cronbach's  $\alpha = .97$ ), and the results showed that more than 65 percent of the respondents thought the brand name used in this study was at least neutral as a corporate brand name. The mean was 6.45, above the mid-point of five. Secondly, the three items measuring the credibility of the information from the corporate profile was averaged to derive an index score (Cronbach's  $\alpha = .75$ ), which showed that approximately 83 percent of the respondents thought the information from the corporate profile was credible, with mean score of 7.18 on a 9-point scale. Finally, the three items measuring product involvement were averaged to calculate an index score (Cronbach's  $\alpha = .96$ ), and an analysis of variance (ANOVA) was performed to examine whether product involvement levels varied significantly across different product types. The results of the ANOVA analysis showed that there were no statistical differences in product involvement across the two product types used in this study ( $M_{\text{sports equipment}} = 7.01$ ,  $M_{\text{home electronics}} = 7.67$ ,  $F = .69$ ,  $p > .05$ ).

## **How Event Characteristics Affect CA Beliefs (H1 through H7)**

The first seven hypotheses (H1 through H7) state that each dimension of event characteristics positively affects CA beliefs through the mediation of perceived sponsorship costs. To simultaneously examine the proposed interrelationships between the constructs of interest, the structural equation model shown in Figure 12 was tested with Mplus 3.13, using a two-step model-building approach that tests the measurement model before examining the hypothesized structural linkages (Kline 2005).

### Measurement Model Evaluation

The results of Study 2 revealed that eight factors underlay a set of 30 items, assessing perceptions of event characteristics (four factors with 15 items), CA beliefs (three factors with 11 items) and perceived sponsorship costs (a single factor with four items). These eight factors with 30 items comprised the initial measurement model. Each of these 30 items was expected to load on only one factor and the error terms were not allowed to covary.

Using 586 subjects' responses, the initial measurement model was tested by imposing a model where all factors were allowed to covary in a confirmatory factor analysis. The model-fit indices of the initial measurement model suggested that the data did not fit the model very well. The chi-square was significant ( $\chi^2 (377) = 1369.22, p < .01$ ); the Comparative Fit Index (CFI) was .94; the Standardized Root Mean Square

Residual (SRMR) was .07; the Tucker-Lewis Index (TLI) was .93, and the Root Mean Square Error of Approximation (RMSEA) was .07 – all indicating a lack of model fit.

As the model-fit indices were not as satisfactory as expected, correlation residuals, factor loadings and the results of the Lagrange Multiplier (LM) test were inspected, as suggested by Kline (2005). The results of the LM test indicated that four items\* cross-loaded on more than one factor, resulting in detrimental impacts on the model fit.

Because there was no compelling theoretical justification to allow any item to cross-load on more than one factor, these four items were excluded from the initial measurement model. In addition, one of the three items assessing the professionalism of players (i.e., “Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports”) turned out to have low factor loading (.62), and, therefore, was removed from the initial measurement model. This resulted in leaving only two items for the professionalism of players. Although more than three items per factor is desirable (Kline 2005), Bollen (1989) suggests that two items can be an alternative sufficient condition for measurement models, provided that there are more than one factor, that no item cross-loads on multiple factors, and that there are no zero elements in the covariance matrix. The measurement model examined in this study met all of these conditions, and, therefore, it was decided to retain only two items for the professionalism of players.

As a result, the initial measurement model was respecified with 25 items, and reanalyzed via confirmatory factor analysis. The results indicated that the data fit the respecified model very well, as indicated by multiple fit indices within an acceptable

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\* The four items are “... generally provides its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities”; “The coverage of ... generally involves a national media contract”; “... delivers premium products and services,” and “It costs much more for a corporation to become a sponsor of the ... than seems usual for a typical sports sponsorship deal.”

range (CFI = .97; TLI = .96; SRMR = .04; RMSEA = .06;  $\chi^2$  (247) = 703.55,  $p < .01$ ).

Although the chi-square was significant, it was still considered appropriate, given the large sample size used in this study\*.

Table 22 shows additional statistics, such as standardized and unstandardized factor loadings with results of corresponding significance tests, item means and standard deviations, and Cronbach's alpha scores. Inter-factor correlations are presented in Table 23. As shown in Table 22, each item had acceptable construct validity, indicated by a minimum factor loading of .65 (Nunnally and Bernstein 1994). Internal consistency reliability was also satisfactory, as Cronbach's alpha scores of each construct exceeded the standard acceptance norm of .70 (Nunnally and Bernstein 1994). Accordingly, the respecified model was selected as the final measurement model.

### Structural Model Evaluation and Testing Hypothesis

Given an acceptable measurement model, the goodness-of-fit for the hypothesized structural model depicted in Figure 12 was examined. All exogenous variables were allowed to correlate freely, as were all factor residuals. The results showed that the data fit the hypothesized model very well. The CFI was .96 and the SRMR was .09, satisfying Hu and Bentler's (1999) joint criteria to retain a model. In addition, the TLI was .95,

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\* The chi-square test is sensitive to sample size, and frequently leads to rejection of the model even though differences between observed and predicted covariances are slight (Bagozzi and Yi 1988; Bentler 1990). With this shortcoming in mind, researchers suggest calculating the  $\chi^2$  to degrees of freedom ratio (i.e.,  $\chi^2/\text{df}$ ), called the Normed Chi-square (NC) to reduce the sensitivity of  $\chi^2$  to sample size (Kline 2005). Bollen (1989) notes that values of the NC as high as 5.0 have been recommended as indicating reasonable model fit. For the measurement model examined here, NC was estimated as 3.4 (i.e.,  $703.55/247 = 2.85$ ), which did not exceed five, the lower acceptable boundary for model fit.

Table 22. Means, Standard Deviations and Factor Loadings of Each Item, and Cronbach's Alphas for Each Dimension in the Measurement Model Examining the Impacts of Event Characteristics on CA Beliefs

Construct	Indicator	Mean (S.D.)	Factor Loadings			$\alpha$
			UnStd.	S.E.	Std.	
Promotional Capability	PC1	6.98 (1.65)	1.39	0.06	0.85	.90
	PC2	6.80 (1.72)	1.53	0.06	0.89	
	PC3	6.78 (1.80)	1.55	0.06	0.86	
Media/Audience Attraction	MA1	6.81 (2.02)	1.71	0.07	0.85	.92
	MA2	6.14 (2.27)	2.02	0.08	0.89	
	MA3	6.39 (2.08)	1.69	0.07	0.82	
	MA4	6.31 (2.05)	1.83	0.07	0.89	
Venue Attractiveness	VN1	6.54 (1.64)	1.36	0.06	0.83	.89
	VN2	6.76 (1.63)	1.38	0.06	0.85	
	VN3	6.48 (1.63)	1.43	0.06	0.88	
Professionalism of Players	PF1	6.16 (1.87)	1.72	0.06	0.92	.92
	PF2	5.78 (1.95)	1.82	0.07	0.93	
Financial Performance	FP1	6.85 (1.44)	1.26	0.05	0.88	.92
	FP2	6.58 (1.49)	1.33	0.05	0.89	
	FP3	6.68 (1.49)	1.38	0.05	0.93	
Product Quality	PQ1	6.50 (1.50)	1.31	0.05	0.88	.93
	PQ2	6.42 (1.48)	1.36	0.05	0.92	
	PQ3	6.53 (1.51)	1.38	0.05	0.92	
Technological Innovativeness	TI1	6.14 (1.53)	1.40	0.05	0.92	.95
	TI2	6.18 (1.46)	1.36	0.05	0.93	
	TI3	6.46 (1.57)	1.41	0.05	0.90	
	TI4	6.42 (1.56)	1.39	0.05	0.89	
Sponsorship Costs	CT1	5.79 (1.70)	1.47	0.06	0.86	.86
	CT2	5.65 (1.66)	1.35	0.06	0.81	
	CT3	6.06 (1.84)	1.45	0.07	0.79	

*Note.* All factor loadings were significant at  $p < .01$ ; all indicators were measured on a nine-point Likert type scale for agreement with the following statements (1 = strongly disagree, 9 = strongly agree)

PC1: Advertisements of sponsoring companies are easily seen at ...

PC2: ... promote the products and services of its sponsors.

PC3: ... are very good at making the brand names of their sponsors visible to the public.

MA1: ... have great potential for high media exposure and publicity.

MA2: The media has great interest in covering ...

MA3: ... draw spectators from all over the country.

MA4: ... tend to draw a high number of spectators.

VN1: In general, ... are staged in attractive places.

VN2: ... are usually held in popular places.

VN3: The venue in which ... is staged is very attractive.

PF1: Typical players of ... have a strong sense of professionalism.

PF2: The professionalism of the typical players of ... is very impressive.

FP1: ... is financially strong.

FP2: ... maintains a healthy financial history.

FP3: The financial condition of ... is strong.

PQ1: ... has good products and services.

PQ2: The products and services of ... can be used with confidence.

PQ3: ... has high-quality products and services.

TI1: ... is at the forefront of using technology.

TI2: ... is a technological innovator.

TI3: ... uses up-to-date technology in its business.

TI4: ... uses innovative technology.

CT1: The cost of a corporation's sponsorship of the ... is way above the average for sponsorship at all other levels of sports.

CT2: The expenditure necessary for a corporation to become a sponsor of the ... is much higher than for an average sports sponsorship deal.

CT3: It is very expensive for a corporation to become a sponsor of the ..., compared to a typical sports sponsorship deal.

and the RMSEA was .06 – all within a range of acceptable model fit. The  $\chi^2$  was significant ( $\chi^2 (259) = 860.13, p < .01$ ), but the  $\chi^2$  to degrees of freedom ratio, or NC, was 3.32, indicating an acceptable model fit, given the large sample size. Also, the amounts of factor loadings were all substantial (greater than .65) and statistically significant ( $p < .01$ ).

As the structural model was satisfactory, the hypothesized causal relationships were tested by evaluating the path coefficients. The first set of hypotheses (H1 through H4) examined the direct effects of each of the four dimensions of event characteristics on

Table 23. Inter-factor Correlations in the Measurement Model  
Examining the Impacts of Event Characteristics on CA Beliefs

	PC	MA	VA	PF	FP	PQ	TI	CT
PC	1							
MA	0.78	1						
VA	0.75	0.74	1					
PF	0.45	0.24	0.53	1				
FP	0.58	0.46	0.50	0.45	1			
PQ	0.53	0.39	0.51	0.54	0.86	1		
TI	0.50	0.45	0.46	0.48	0.75	0.84	1	
CT	0.64	0.58	0.38	0.38	0.55	0.47	0.47	1

Note: All correlation coefficients are significant at  $p < .01$ .

PC: Promotional Capability

MA: Media/Audience Attraction

VA: Venue Attractiveness

PF: Professionalism of Players

FP: Financial Performance

PQ: Product Quality

TI: Technological Innovativeness

CT: Sponsorship Costs

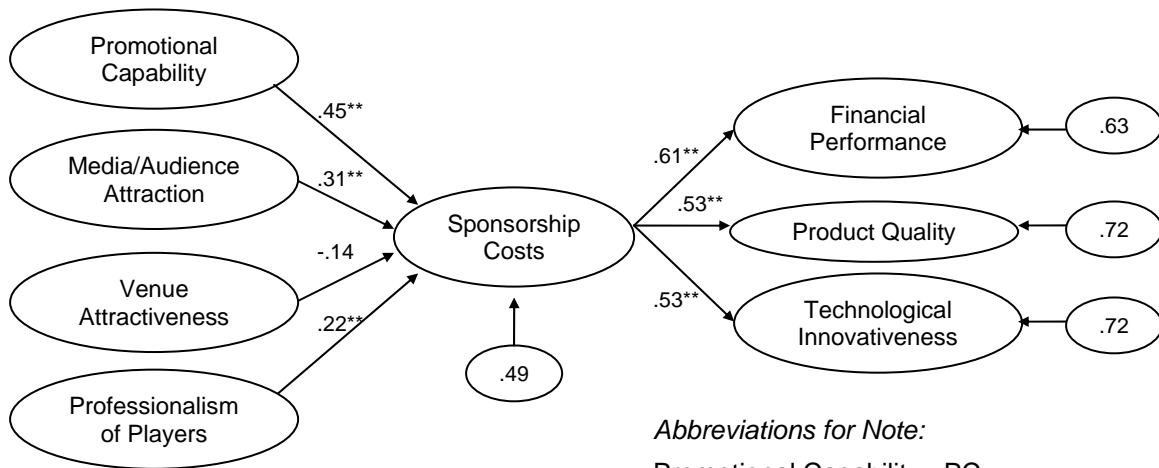


perceived sponsorship costs. To evaluate the hypothesized causal relations, the significance levels of unstandardized coefficients were examined. As shown in Figure 15 and Table 24, three out of four dimensions of event characteristics – Promotional Capability ( $\beta = .45, p < .01$ ), Media/Audience Attraction ( $\beta = .31, p < .01$ ), and Professionalism of Players ( $\beta = .22, p < .01$ ) – showed significant direct effects on subjects' perceptions of sponsorship costs, supporting H1 (Promotional Capability  $\rightarrow$  Sponsorship Costs), H2 (Media/Audience Attraction  $\rightarrow$  Sponsorship Costs) and H4 (Professionalism of Players  $\rightarrow$  Sponsorship Costs). Contrary to the expectation, however, one dimension of event characteristics – Venue Attractiveness ( $\beta = -.14, p > .05$ ) – did not show a significant effect on sponsorship costs, thereby disconfirming H3 (Venue Attractiveness  $\rightarrow$  Sponsorship Costs).

The second set of hypotheses (H5 through H7) stated the direct effects of subjects' perceptions of sponsorship costs on each of the three dimensions of CA beliefs. As shown in Figure 15 and Table 24, inspection of the unstandardized path coefficients revealed that subjects' perceived sponsorship costs had positive and significant impacts on all three dimensions of CA beliefs – Financial Performance ( $\beta = .61, p < .01$ ), Product Quality ( $\beta = .53, p < .01$ ) and Technological Innovativeness ( $\beta = .53, p < .01$ ) – supporting H5 (Sponsorship Costs  $\rightarrow$  Financial Performance), H6 (Sponsorship Costs  $\rightarrow$  Product Quality), and H7 (Sponsorship Costs  $\rightarrow$  Technological Innovativeness).

In addition, in order to examine the mediating role of perceived sponsorship costs, indirect effects of each dimension of event characteristics on each dimension of CA beliefs through the mediation of perceived sponsorship costs were examined. As shown in Table 24, subjects' perceptions of sponsorship costs significantly mediated the effects

Figure 15. Standardized Path Coefficients and Model Fit Indices for the Structural Model Examining the Impacts of Event Characteristics on CA Beliefs



*Abbreviations for Note:*

Promotional Capability - PC  
Media/Audience Attraction - MA  
Venue Attractiveness - VA  
Professionalism of Players - PF  
Financial Performance – FP  
Product Quality – PQ  
Technological Innovativeness – TI  
Sponsorship Costs - CT

**Model Fit Indices:**

$\chi^2(259) = 860.13$ ; CFI = .96; TLI = .95  
RMSEA = .06; SRMR = .09; NC = 3.32

*Note.* \*\*  $p < .01$ ; large ellipses represent constructs, and small ellipses with numbers reflect residual variances. Path coefficients are standardized and significance levels were determined by critical ratios on unstandardized coefficients. Not depicted in the figure are the measurement component of the structural model (i.e., items and their corresponding factor loadings and residual variances), correlations joining each pair of exogenous variables, and correlations between factor residuals. All factor loadings were significant ( $p < .01$ ) and substantial (greater than .78). Correlations joining each pair of exogenous variables are as follow: PC-MA = .78; PC-VA = .76; PC-PF = .45; MA-VA = .74; MA-PF = .24; VA-PF = .53. Correlations between factor residuals are as follow: FP-PQ = .54; FP-TI = .44; PQ-TI = .56.

of three of the four dimensions (i.e., promotional capability, media/audience attraction, and professionalism of players) of event characteristics on all three dimensions of CA beliefs (i.e., financial performance, product quality and technological innovativeness). These results suggest that perceived sponsorship costs were, as theorized, a significant mediator of the effects of event characteristics on CA beliefs, except for the relationships between the venue attractiveness dimension of event characteristics and CA beliefs.

Table 24. Direct and Indirect Effects for the Hypothesized Structural Model  
Examining the Effects of Event Characteristics on CA Beliefs (H1 through H7)

Parameter	Estimate (Unstd.)	S.E.	Estimate (Std.)
<u>Direct Effects</u>			
(H1 through H4)			
PC → CT	.64	.11	.45
MA → CT	.44	.11	.31
VA → CT	-.20 <sup>a</sup>	.11	-.14
PF → CT	.31	.07	.22
(H5 through H7)			
CT → FP	.53	.04	.61
CT → PQ	.49	.04	.53
CT → TI	.52	.04	.53
<u>Indirect Effects</u>			
(Effects on FP)			
PC → CT → FP	.34	.06	.27
MA → CT → FP	.24	.06	.19
VA → CT → FP	-.10 <sup>a</sup>	.06	-.08
PF → CT → FP	.17	.04	.13
(Effects on PQ)			
PC → CT → PQ	.31	.06	.24
MA → CT → PQ	.22	.06	.16
VA → CT → PQ	-.10 <sup>a</sup>	.06	-.07
PF → CT → PQ	.15	.04	.11
(Effects on TI)			
PC → CT → TI	.33	.06	.24
MA → CT → TI	.23	.06	.16
VA → CT → TI	-.10 <sup>a</sup>	.06	-.07
PF → CT → TI	.16	.04	.12

Note: <sup>a</sup>  $p > .05$ ;  $p < .01$  for all other estimates. Path coefficients are standardized and significance levels were determined by critical ratios on unstandardized coefficients.

PC: Promotional Capability

MA: Media/Audience Attraction

VA: Venue Attractiveness

PF: Professionalism of Players

CT: Sponsorship Costs

FP: Financial Performance

PQ: Product Quality

TI: Technological Innovativeness

## Post-Hoc Analyses: Robustness of the Causal Model

*Purpose and Procedure.* The generalizability of the causal model depicted in Figure 15 could be increased to the extent that the measurement portion (i.e., unstandardized factor loadings) and the structural portion (i.e., unstandardized path coefficients between constructs) are invariant across different subgroups. In order to demonstrate the generalizability, or the robustness of the causal model, a series of multi-group structural equation modeling analyses were performed.

Following Kline (2005), three stages were employed to test the causal model in Figure 15 for equivalence across different subgroups. First, a baseline model was evaluated whereby there were no between-group invariance constraints on estimated parameters of the model. This baseline model provided a basis of comparison to test the model invariance across different groups.

Second, a constrained model was evaluated, whereby only the measurement portion (i.e., unstandardized factor loadings) of the causal model was constrained to be equal across different groups. This model was nested within the baseline model; therefore, the significance of the chi-square difference between the baseline model and the model constraining the factor loadings provided a test of the hypotheses of equal item-factor loadings. A *p*-value greater than .05 indicated that the null hypothesis (i.e., no differences in unstandardized factor loadings between subgroups) could not be rejected. This indicated that the unstandardized factor loadings were invariant across the subgroups, and, therefore, a set of items assessed the same constructs in different groups.

Finally, another constrained model was evaluated, whereby both the measurement portion (i.e., unstandardized factor loadings) and the structural portion (i.e., unstandardized path coefficients between constructs) were constrained to be equal across different groups. This model was also nested within the baseline model; therefore, the significance of the chi-square difference between the baseline model and the model constraining both the measurement and the structural portions could be performed. A  $p$ -value greater than .05 indicated that the null hypothesis (i.e., no differences in the unstandardized factor loadings and path coefficients between subgroups) could not be rejected, meaning that the unstandardized factor loadings and the path coefficients were invariant across the subgroups. This indicated that the causal model was applicable across the different groups being tested.

*Analyses.* In this study, invariance for the measurement and the structural portions of the causal model described in Figure 15 was tested across different genders (i.e., male vs. female), types of corporation (i.e., manufacturer of sports equipment vs. home electronics), and types of sports (i.e., baseball vs. basketball). It was deemed important to examine the causal model invariance across different genders, as the analyses of the auxiliary variables revealed that personal liking for the event significantly varied across different genders ( $M_{\text{male}} = 4.74$  vs.  $M_{\text{female}} = 4.15$ ,  $F = 7.53$ ,  $p < .01$ ), which might serve as a potential threat to external validity. For similar reasons, it was decided to examine the model invariance across different types of corporations, as the type of corporation significantly affected the perceived sponsor-event fit ( $M_{\text{sports equipment}} = 7.94$  vs.  $M_{\text{home electronics}} = 5.79$ ,  $F = 7.50$ ,  $p < .01$ ). Also, model invariance across different types of

sporting events (i.e., baseball vs. basketball events) was examined to demonstrate the robustness of the causal model in different sports.

In order to test whether the causal model depicted in Figure 15 was invariant across male and female samples, correlations and standard deviations for males ( $n = 276$ ) and females ( $n = 294$ ) were calculated separately, and simultaneously analyzed by the multi-sample analysis technique, using Mplus 3.13. First, the baseline model with no between-group invariance constraints on estimated parameters (denoted as “M0” in Table 25) was evaluated. Then, two constrained multi-sample models were analyzed – one constraining only the measurement portion (denoted as “M1” in Table 25), and the other constraining both the measurement and the structural portions of the causal model (denoted as “M2” in Table 25). As shown in Table 25, the fit indices for the three models were all within acceptable range, although a little worse than the results of the full sample analysis. Also, the pattern of factor loadings and the relationships among the constructs of the three models across different genders replicated the results of the full sample analyses (i.e., all factor loadings were substantial and significant; Promotional Capability, Media/Audience Attraction and Professionalism of Players showed positive and significant impacts on Perceived Sponsorship Costs, which, in turn, showed positive and significant impacts on each dimension of CA beliefs). As shown in Table 25, the results of the chi-square difference tests between M0 and M1, and between M0 and M2 showed that both the measurement and the structural portions of the causal model were statistically invariant across different genders, as indicated by insignificant chi-square difference tests (i.e.,  $p > .05$ ). This suggests that the causal model in Figure 15 was applicable for both males and females.

Table 25. Model Invariance by Gender for the Measurement and Structural Model Describing the Effects of Event Characteristics on CA Beliefs

Model	$\chi^2$	df	NC	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$	$\Delta df$	p
M0	1272.12	518	2.46	.94	.94	.07	.09	--	--	--
M1	1289.27	535	2.41	.94	.94	.07	.09	17.14	17	>.05
M2	1298.27	542	2.40	.94	.94	.07	.10	26.15	24	>.05

Note. A basis of comparison for  $\Delta\chi^2$  and  $\Delta df$  is M0; sample sizes (male 276, female 294)

M0: Model with no between-group invariance constraints on estimated parameters.

M1: Model constraining only the measurement portion (i.e., constraining 17 unstandardized factor loadings).

M2: Model constraining both the measurement and the structural portions (i.e., constraining 17 unstandardized factor loadings and seven unstandardized path coefficients).

CFI: Comparative Fit Index

TLI: Tucker-Lewis Index

SRMR: Standardized Root Mean Square Residual

RMSEA: Root Mean Square Error of Approximation

NC: Normed Chi-square

Similar analyses were performed for types of corporations (i.e., manufacturer of sports equipment vs. home electronics) and types of sports (i.e., baseball vs. basketball). As expected, the pattern of factor loadings and the relationships among the constructs across different corporations and different sports replicated the results of the full sample analyses. Table 26 and Table 27 show that the fit indices for all subgroup analyses were satisfactory, and the results of the chi-square difference tests between M0 and M1, and between M0 and M2 showed that both the measurement and the structural portions of the causal model were statistically invariant across different corporations and sports, as indicated by insignificant chi-square difference tests (i.e.,  $p > .05$ ). This suggests that the causal model in Figure 15 is applicable across different types of corporations and different types of sports.

Table 26. Model Invariance by Corporation for the Measurement and Structural Model Describing the Effects of Event Characteristics on CA Beliefs

Model	$\chi^2$	df	NC	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$	$\Delta df$	p
M0	1068.06	518	2.06	.95	.95	.07	.10	--	--	--
M1	1091.70	535	2.04	.95	.95	.06	.10	23.64	17	>.05
M2	1102.80	542	2.03	.95	.95	.06	.10	34.74	24	>.05

Note. A basis of comparison for  $\Delta\chi^2$  and  $\Delta df$  is M0; sample sizes (sports company 268, electronics company 272)

M0: Model with no between-group invariance constraints on estimated parameters.

M1: Model constraining only the measurement portion (i.e., constraining 17 unstandardized factor loadings).

M2: Model constraining both the measurement and the structural portions (i.e., constraining 17 unstandardized factor loadings and seven unstandardized path coefficients).

CFI: Comparative Fit Index

TLI: Tucker-Lewis Index

SRMR: Standardized Root Mean Square Residual

RMSEA: Root Mean Square Error of Approximation

NC: Normed Chi-square

Table 27. Model Invariance by Sports for the Measurement and Structural Model Describing the Effects of Event Characteristics on CA Beliefs

Model	$\chi^2$	df	NC	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$	$\Delta df$	p
M0	1076.22	518	2.08	.95	.95	.07	.10	--	--	--
M1	1099.84	535	2.06	.95	.95	.07	.10	23.62	17	>.05
M2	1102.41	542	2.03	.95	.95	.07	.10	26.19	24	>.05

Note. A basis of comparison for  $\Delta\chi^2$  and  $\Delta df$  is M0; sample sizes (baseball 264, basketball 267)

M0: Model with no between-group invariance constraints on estimated parameters.

M1: Model constraining only the measurement portion (i.e., constraining 17 unstandardized factor loadings).

M2: Model constraining both the measurement and the structural portions (i.e., constraining 17 unstandardized factor loadings and seven unstandardized path coefficients).

CFI: Comparative Fit Index

TLI: Tucker-Lewis Index

SRMR: Standardized Root Mean Square Residual

RMSEA: Root Mean Square Error of Approximation

NC: Normed Chi-square

### How Event Characteristics Affect CSR Beliefs (H8 through H13)

H8 through H13 state that each dimension of event characteristics has negative relationships to CSR beliefs through the mediation of perceived sponsorship benefits. To simultaneously examine the proposed interrelationships between the constructs of interest, the structural equation model shown in Figure 13 was tested with Mplus 3.13, using a



two-step model-building approach that tested the measurement model before examining the hypothesized structural linkages (Kline 2005).

### Measurement Model Evaluation

The results of Study 2 revealed that seven factors underlay a set of 27 items, assessing respondents' perceptions of event characteristics (four factors with 15 items), CSR beliefs (two factors with 8 items) and sponsorship benefits (a single factor with four items). These seven factors with 27 items comprised the initial measurement model. Each of these 27 items was expected to load on only one factor and the error terms were not allowed to covary unless a compelling conceptual justification was provided.

Using 586 subjects' responses, the initial measurement model was tested by imposing a model where all factors were allowed to covary in a confirmatory factor analysis. The model-fit indices were not as satisfactory as expected. The chi-square was significant ( $\chi^2(303) = 1133.13, p < .01$ ); the Comparative Fit Index (CFI) was .94; the Standardized Root Mean Square Residual (SRMR) was .06; the Tucker-Lewis Index (TLI) was .93, and Root Mean Square Error of Approximation (RMSEA) was .07.

As the model-fit indices were not as satisfactory as expected, correlations residuals, factor loadings and the results of the Lagrange Multiplier (LM) test were inspected, as suggested by Kline (2005). The results of the LM test indicated that two items\* cross-loaded on more than one factor, resulting in detrimental impacts on the model fit. Because there was no compelling theoretical justification to allow any item to

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\* These two items are "... generally provides its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities," and "The coverage of ... generally involves a national media contract."

cross-load on more than one factor, these two items were excluded from the initial measurement model. In addition, one of the three items assessing the professionalism of players (i.e., “Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports”) turned out to have low factor loading (.63,  $R^2$  square = .40), and, therefore, was removed from the initial measurement model. This resulted in leaving only two items for the professionalism of players. Although more than three items per factor is desirable (Kline 2005), Bollen (1989) suggests that two items can be an alternative sufficient condition for measurement models, provided that there are more than one factor, no item cross-loads on multiple factors, and that there are no zero elements in the covariance matrix. The measurement model examined in this study met all of these conditions, and, therefore, it was decided to retain only two items for the professionalism of players.

As a result, the initial measurement model was respecified with 24 items, and reanalyzed via confirmatory factor analysis. The results indicated that the data fit the respecified model very well, as indicated by multiple fit indices within an acceptable range (CFI = .97; TLI = .96; SRMR = .03; RMSEA = .06;  $\chi^2$  (231) = 683.13,  $p < .01$ ; NC = 2.96). In addition to the model-fit indices, Table 28 shows additional statistics, such as standardized and unstandardized factor loadings with results of corresponding significance tests, item means and standard deviations, and Cronbach’s alpha scores. Inter-factor correlations are presented in Table 29. As shown in Table 28, each item had acceptable construct validity, indicated by a minimum factor loading of .65 (Nunnally and Bernstein 1994). Internal consistency reliability was also satisfactory, as Cronbach’s alpha scores of each construct exceeded the standard acceptance norm of .70 (Nunnally

and Bernstein 1994). Accordingly, the respecified model was selected as the final measurement model.

Table 28. Means, Standard Deviations and Factor Loadings of Each Item, and Cronbach's Alphas for Each Dimension in the Measurement Model Examining the Impacts of Event Characteristics on CSR Beliefs

Construct	Indicator	Mean (S.D.)	Factor Loadings			$\alpha$
			UnStd.	S.E.	Std.	
Promotional Capability	PC1	6.98 (1.65)	1.39	0.06	0.85	.90
	PC2	6.80 (1.72)	1.53	0.06	0.89	
	PC3	6.78 (1.80)	1.55	0.06	0.86	
Media/Audience Attraction	MA1	6.81 (2.02)	1.71	0.07	0.85	.92
	MA3	6.14 (2.27)	2.02	0.08	0.89	
	MA4	6.39 (2.08)	1.69	0.07	0.82	
	MA5	6.31 (2.05)	1.83	0.07	0.89	
Venue Attractiveness	VN1	6.54 (1.64)	1.36	0.06	0.83	.89
	VN2	6.76 (1.63)	1.38	0.06	0.85	
	VN3	6.48 (1.63)	1.43	0.06	0.88	
Professionalism of Players	PF1	6.16 (1.87)	1.72	0.06	0.92	.92
	PF2	5.78 (1.95)	1.82	0.07	0.93	
Community Support	CM1	4.37 (1.61)	1.35	0.06	0.84	.93
	CM2	4.15 (1.66)	1.53	0.05	0.92	
	CM3	3.92 (1.67)	1.36	0.06	0.82	
	CM4	4.07 (1.67)	1.48	0.06	0.89	
Customer Sensitivity	CS1	3.92 (1.60)	1.49	0.05	0.93	.94
	CS2	4.00 (1.60)	1.45	0.05	0.91	
	CS3	3.80 (1.60)	1.30	0.06	0.82	
	CS4	4.10 (1.65)	1.51	0.05	0.91	
Sponsorship Benefits	BF1	6.15 (1.71)	1.44	0.06	0.84	.94
	BF2	6.34 (1.82)	1.61	0.06	0.89	
	BF3	6.26 (1.88)	1.71	0.06	0.91	
	BF4	6.35 (1.84)	1.59	0.06	0.87	

Note: All factor loadings were significant at  $p < .01$ ; all indicators were measured on a nine-point Likert type scale for agreement with the following statements (1 = strongly disagree, 9 = strongly agree):

PC1: Advertisements of sponsoring companies are easily seen at ...

PC2: ... promote the products and services of its sponsors.

PC3: ... are very good at making the brand names of their sponsors visible to the public.

MA1: ... have great potential for high media exposure and publicity.

MA2: The media has great interest in covering ...

MA3: ... draw spectators from all over the country.

MA4: ... tend to draw a high number of spectators.

VA1: In general, ... are staged in attractive places.

VA2: ... are usually held in popular places.

VA3: The venue in which ... is staged is very attractive.

PF1: Typical players of ... have strong sense of professionalism.

PF2: The professionalism of the typical players of ... is very impressive.

CM1: ... gives adequate contributions to charities.

CM2: ... has put a lot of effort into serving the communities where they do business.

CM3: ... is highly involved in community activities.

CM4: ... supports activities in the local community where they do business.

CS1: ... cares about its customers.  
 CS2: ... acts in the best interests of its customers.  
 CS3: ... is interested in helping its customers.  
 CS4: ... is genuinely concerned about its customers' welfare.  
 BF1: A corporation benefits more from the sponsorship deal with ..., compared to the amount of contribution it brings to the sponsored event.  
 BF2: A corporation gets more advantages from the sponsorship deal with ... than it gives to improve the quality of the sponsored event.  
 BF3: A corporation benefits more from the sponsorship deal with the ... than it gives in funding for the sponsored event.  
 BF4: A corporation makes more profit than loss by being a sponsor of ...

### Structural Model Evaluation and Testing Hypotheses

Given an acceptable measurement model, the goodness-of-fit for the hypothesized structural model was examined. All exogenous variables were allowed to correlate freely, as were all factor residuals. The results showed that the data fit the hypothesized model reasonably well. The RMSEA was .06 and the SRMR was .10, satisfying Hu and Bentler's (1999) joint criteria to retain a model. The CFI was .95 and the TLI was .95 – all within a range of acceptable model fit. The  $\chi^2$  was significant ( $\chi^2 (239) = 856.90, p < .01$ ), but the  $\chi^2$  to degrees of freedom ratio, or NC, was 3.58, indicating an acceptable model fit, given the large sample size. Also, all factor loadings were substantial (greater than .65) and significant ( $p < .01$ ).

Table 29. Inter-factor Correlations in the Measurement Model  
Examining the Impacts of Event Characteristics on CSR Beliefs

	PC	MA	VA	PF	CM	CS	BF
PC	1						
MA	0.78	1					
VA	0.76	0.74	1				
PF	0.45	0.24	0.53	1			
CM	-0.41	-0.30	-0.40	-0.52	1		
CS	-0.46	-0.35	-0.45	-0.57	0.88	1	
BF	0.76	0.76	0.64	0.31	-0.31	-0.34	1

Note: All correlation coefficients are significant at  $p < .01$ .

PC: Promotional Capability, MA: Media/Audience Attraction, VA: Venue Attractiveness,  
 PF: Professionalism of Players, CM: Community Support  
 CS: Customer Sensitivity, BF: Sponsorship Benefits

As the structural model was satisfactory, the hypothesized causal relationships were tested by evaluating the unstandardized path coefficients. The first set of hypotheses (H8 through H11) examined the direct effects of each of the four dimensions of event characteristics on perceived sponsorship benefits.

As shown in Figure 16 and Table 30, two out of four dimensions of event characteristics – Promotional Capability ( $\beta = .41, p < .01$ ) and Media/Audience Attraction ( $\beta = .43, p < .01$ ) – showed significant direct effects on subjects' perceptions of sponsorship benefits, supporting H8 (Promotional Capability  $\rightarrow$  Sponsorship Benefits) and H9 (Media/Audience Attraction  $\rightarrow$  Sponsorship Benefits). Contrary to the expectation, however, two dimensions of event characteristics – Venue Attractiveness ( $\beta = .00, p > .05$ ) and Professionalism of Players ( $\beta = .03, p > .05$ ) – did not show a significant effect on sponsorship benefits, thereby disconfirming H10 (Venue Attractiveness  $\rightarrow$  Sponsorship Benefits) and H11 (Professionalism of Players  $\rightarrow$  Sponsorship Benefits).

The second set of hypotheses (H12 and H13) stated the direct effects of subjects' perceptions of sponsorship benefits on the two dimensions of CSR beliefs. As shown in Figure 16 and Table 30, inspection of the unstandardized path coefficients revealed that perceived sponsorship benefits had negative and significant impacts on the two dimensions of CSR beliefs – Community Support ( $\beta = -.33, p < .01$ ) and Customer Sensitivity ( $\beta = -.36, p < .01$ ) – supporting H12 (Sponsorship Benefits  $\rightarrow$  Community Support) and H13 (Sponsorship Benefits  $\rightarrow$  Customer Sensitivity).

In addition, in order to examine the mediating role of perceived sponsorship benefits, indirect effects of each dimension of event characteristics on each dimension of CSR beliefs through the mediation of subjects' perceptions of sponsorship benefits were

Table 30. Direct and Indirect Effects for the Hypothesized Structural Model  
Examining the Effects of Event Characteristics on CSR Beliefs (H8 through H3)

Parameter	Estimate (Unstd.)	S.E.	Estimate (Std.)
<u>Direct Effects</u>			
(H8 through H11)			
PC → BF	0.60	0.09	0.41
MA → BF	0.62	0.10	0.43
VA → BF	0.00 <sup>a</sup>	0.09	0.00
PF → BF	0.05 <sup>a</sup>	0.06	0.03
(H12 and H13)			
BF → CM	-0.31	0.04	-0.33
BF → CS	-0.37	0.04	-0.36
<u>Indirect Effects</u>			
(Effects on CM)			
PC → BF → CM	-0.19	0.04	-0.14
MA → BF → CM	-0.19	0.04	-0.14
VA → BF → CM	0.00 <sup>a</sup>	0.03	0.00
PF → BF → CM	-0.01 <sup>a</sup>	0.02	-0.01
(Effects on CS)			
PC → BF → CS	-0.22	0.04	-0.15
MA → BF → CS	-0.23	0.04	-0.16
VA → BF → CS	0.00 <sup>a</sup>	0.03	0.00
PF → BF → CS	-0.02 <sup>a</sup>	0.02	-0.01

Note: <sup>a</sup>  $p > .05$ ;  $p < .05$  for all other estimates. Path coefficients are standardized and significance levels were determined by critical ratios on unstandardized coefficients

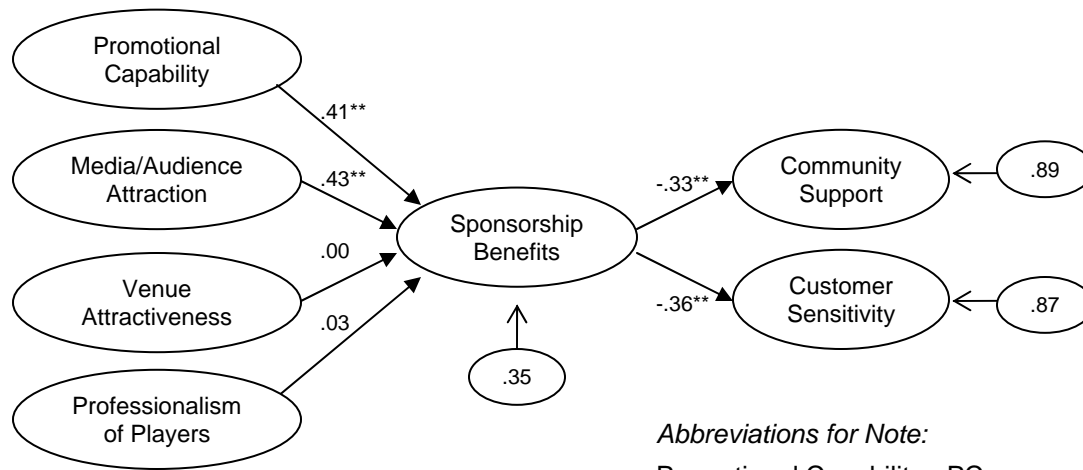
PC: Promotional Capability, MA: Media/audience Attraction, VA: Venue Attractiveness

PF: Professionalism of Players, BF: Sponsorship Benefits

CM: Community Support, CS: Customer Sensitivity

examined. As shown in Table 30, subjects' perceptions of sponsorship benefits significantly mediated the effects of two of the four dimensions (i.e., Promotional Capability and Media/Audience Attraction) of event characteristics on each dimension of CSR beliefs (i.e., Community Support and Customer Sensitivity). These results suggest that perceived sponsorship benefits were, as theorized, a significant mediator of the effects of event characteristics on CSR beliefs, when Promotional Capability and Media/Audience Attraction were concerned.

Figure 16. Standardized Path Coefficients and Model Fit Indices for the Structural Model Examining the Impacts of Event Characteristics on CSR Beliefs



*Abbreviations for Note:*

Promotional Capability - PC  
 Media/Audience Attraction - MA  
 Venue Attractiveness - VA  
 Professionalism of Players - PF  
 Community Support - CM  
 Customer Sensitivity - CS  
 Sponsor Benefits - BF

*Model Fit Indices:*

$\chi^2(239) = 856.90$ ; CFI = .95; TLI = .95  
 RMSEA = .06; SRMR = .10; NC = 3.58

*Note.* \*\*  $p < .01$ ; large ellipses represent constructs, and small ellipses with numbers reflect residual variances. Path coefficients are standardized and significance levels were determined by critical ratios on unstandardized coefficients. Not depicted in the figure are the measurement component of the structural model (i.e., items and their corresponding factor loadings and residual variances), correlations joining each pair of exogenous variables, and correlations between factor residuals. All factor loadings were significant ( $p < .01$ ) and substantial (greater than .78). Correlations joining each pair of exogenous variables are as follow: PC-MA = .78; PC-VA = .76; PC-PF = .45; MA-VA = .74; MA-PF = .24; VA-PF = .53. Correlation between factor residuals is as follow: CM-CS = .76.

Post-Hoc Analyses: Robustness of the Causal Model

*Purpose and Procedure.* The generalizability of the causal model depicted in Figure 16 was examined by a series of multi-sample analyses across different genders (male vs. female), types of corporations (manufacturer of sports equipment vs. home

electronics) and types of sports (baseball vs. basketball). The same procedure employed in the multi-sample analyses for the causal model in Figure 15 was used.

In order to test whether the causal model depicted in Figure 16 was invariant across male and female samples, correlations and standard deviations for males ( $n = 276$ ) and females ( $n = 294$ ) were calculated separately, and simultaneously analyzed by multi-sample analysis technique, using Mplus 3.13. First, the baseline model with no between-group invariance constraints on estimated parameters (denoted as “M0” in Table 31) was evaluated. Then, two constrained multi-sample models were analyzed – one constraining only the measurement portion (denoted as “M1” in Table 31), and the other constraining both the measurement and the structural portions of the causal model (denoted as “M2” in Table 31). As shown in Table 31, the fit indices for the three models were all within acceptable range, although a little worse than the results of the full sample analysis. Also, the pattern of factor loadings and the relationships among the constructs of the three models across different genders replicated the results of the full sample analyses (i.e., all factor loadings were substantial and significant; Promotional Capability and Media/Audience Attraction showed positive and significant impacts on Perceived Sponsorship Benefits, which, in turn, showed negative and significant impacts on each dimension of CSR beliefs). As shown in Table 31, the results of the chi-square difference tests between M0 and M1, and between M0 and M2 showed that both the measurement and the structural portions of the causal model were statistically invariant across different genders, as indicated by insignificant chi-square difference tests (i.e.,  $p > .05$ ). This suggests that the causal model in Figure 16 is applicable for both males and females.



Table 31. Measurement and Structural Model Invariance by Gender

Model	$\chi^2$	df	NC	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$	$\Delta df$	p
M0	1239.34	478	2.59	.94	.93	.07	.11	--	--	--
M1	1262.63	495	2.55	.94	.93	.07	.11	23.15	17	>.05
M2	1271.00	501	2.54	.94	.93	.07	.11	31.66	23	>.05

Note. A basis of comparison for  $\Delta\chi^2$  and  $\Delta df$  is M0; sample sizes (male 276, female 294).

M0: Model with no between-group invariance constraints on estimated parameters.

M1: Model constraining only the measurement portion (i.e., constraining 17 unstandardized factor loadings).

M2: Model constraining both the measurement and the structural portions (i.e., constraining 17 unstandardized factor loadings and seven unstandardized path coefficients).

CFI: Comparative Fit Index

TLI: Tucker-Lewis Index

SRMR: Standardized Root Mean Square Residual

RMSEA: Root Mean Square Error of Approximation

NC: Normed Chi-square

Similar analyses were performed for types of corporations (i.e., manufacturer of sports equipment vs. home electronics) and types of sports (i.e., baseball vs. basketball). As expected, the pattern of factor loadings and the relationships among the constructs across different corporations and different sports replicated the results of the full sample analyses. Also, Table 32 and Table 33 show that the fit indices for all subgroup analyses were satisfactory, and the results of the chi-square difference tests between M0 and M1, and between M0 and M2 showed that both the measurement and the structural portions of the causal model were statistically invariant across different corporations and sports, as indicated by insignificant chi-square difference tests (i.e.,  $p > .05$ ). This suggests that the causal model in Figure 16 is applicable across different types of corporation and different types of sports.

Table 32. Measurement and Structural Model Invariance by Corporation

Model	$\chi^2$	df	NC	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$	$\Delta df$	p
M0	1089.78	478	2.28	.95	.94	.07	.11	--	--	--
M1	1115.03	495	2.25	.95	.94	.07	.11	25.25	17	>.05
M2	1124.70	501	2.24	.95	.94	.07	.11	34.92	23	>.05

Note. A basis of comparison for  $\Delta\chi^2$  and  $\Delta df$  is M0; sample sizes (sports company 268, electronics company 272).

M0: Model with no between-group invariance constraints on estimated parameters.

M1: Model constraining only the measurement portion (i.e., constraining 17 unstandardized factor loadings).

M2: Model constraining both the measurement and the structural portions (i.e., constraining 17 unstandardized factor loadings and seven unstandardized path coefficients).

CFI: Comparative Fit Index

TLI: Tucker-Lewis Index

SRMR: Standardized Root Mean Square Residual

RMSEA: Root Mean Square Error of Approximation

NC: Normed Chi-square

Table 33. Measurement and Structural Model Invariance by Sports

Model	$\chi^2$	df	NC	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$	$\Delta df$	p
M0	1070.75	478	2.24	.95	.94	.07	.11	--	--	--
M1	1097.47	495	2.22	.95	.94	.07	.11	26.72	17	>.05
M2	1104.88	501	2.21	.95	.94	.07	.12	34.13	23	>.05

Note. A basis of comparison for  $\Delta\chi^2$  and  $\Delta df$  is M0; sample sizes (baseball 264, basketball 267).

M0: Model with no between-group invariance constraints on estimated parameters.

M1: Model constraining only the measurement portion (i.e., constraining 17 unstandardized factor loadings).

M2: Model constraining both the measurement and the structural portions (i.e., constraining 17 unstandardized factor loadings and seven unstandardized path coefficients).

CFI: Comparative Fit Index

TLI: Tucker-Lewis Index

SRMR: Standardized Root Mean Square Residual

RMSEA: Root Mean Square Error of Approximation

NC: Normed Chi-square

### SUMMARY OF STUDY 3

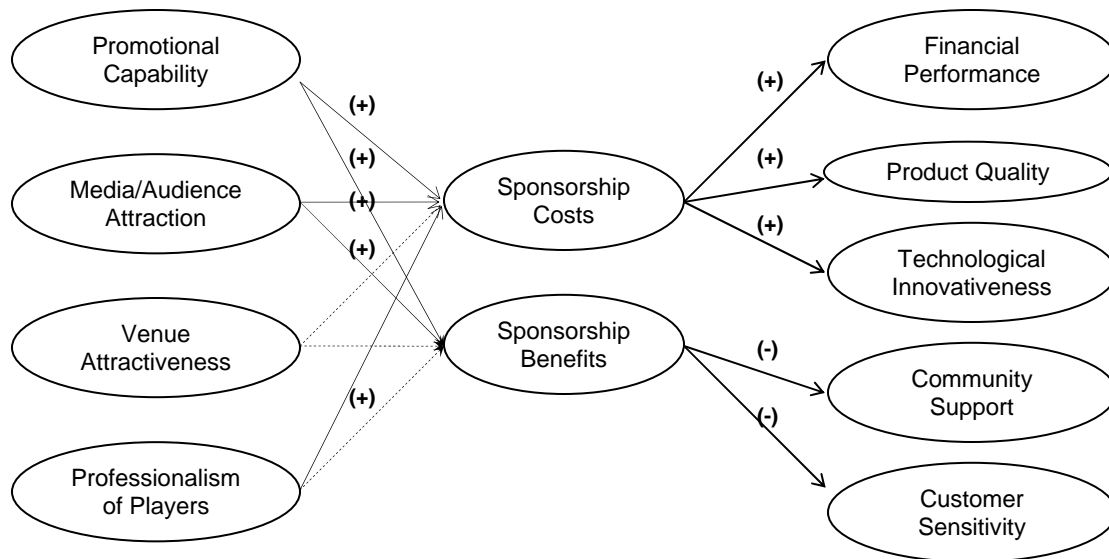
Based on the results of Study 1 and Study 2, Study 3 aimed to examine how and why perceptions of event characteristics affect CA and CSR beliefs. Drawing from signal theory and attribution theory, a series of hypotheses were developed to test two causal models that explicated the relationships among the four dimensions of event

characteristics, perceived sponsorship costs/benefits and each dimension of CA/CSR beliefs about a sponsor. Signal theory suggested that each dimension of event characteristics would positively affect CA beliefs, through the mediation of perceived sponsorship costs. On the other hand, attribution theory indicated that each dimension of event characteristics would negatively affect CSR beliefs, through the mediation of perceived sponsorship benefits.

To simultaneously examine the proposed interrelationships among the constructs of interest, 13 hypotheses comprising two causal models – one predicting the effects of event characteristics on CA beliefs, and the other predicting the effects of event characteristics on CSR beliefs – were tested, using structural equation modeling analyses.

As summarized in Figure 17, for the model examining the effects of event characteristics on CA beliefs, three out of four dimensions of event characteristics – Promotional Capability, Media/audience Attraction, and Professionalism of Players – showed significant direct effects on subjects' perceptions of sponsorship costs, supporting H1, H2 and H4. Contrary to the expectation, however, one dimension of event characteristics – Venue Attractiveness – did not show a significant effect on sponsorship costs, thereby disconfirming H3. The results also revealed that perceived sponsorship costs, in turn, had positive and significant impacts on all three dimensions of CA beliefs – Financial Performance, Product Quality and Technological Innovativeness – supporting H5, H6 and H7. Additional mediation analyses showed that perceived sponsorship costs significantly mediated the effects of three of the four dimensions (i.e., promotional capability, media/audience attraction, and professionalism of players) of event characteristics on all three dimensions of CA beliefs (i.e., financial performance, product

Figure 17. Summary of Findings from Study 3



*Note.* Straight lines indicate significant paths; dotted lines indicate insignificant paths

quality and technological innovativeness). These results suggest that perceived sponsorship costs were, as theorized, a significant mediator of the effects of event characteristics on CA beliefs, except for the relationships between the venue attractiveness dimension of event characteristics and CA beliefs.

As summarized in Figure 17, for the model examining the effects of event characteristics on CSR beliefs, two out of four dimensions of event characteristics – Promotional Capability and Media/Audience Attraction – showed positive and significant direct effects on perceived sponsorship benefits, supporting H8 and H9. Contrary to the expectation, however, two dimensions of event characteristics – Venue Attractiveness and Professionalism of Players – did not show significant effects on sponsorship benefits, thereby disconfirming H10 and H11. The results also revealed that perceived sponsorship benefits, in turn, had negative and significant impacts on the two dimensions of CSR

beliefs – Community Support and Customer Sensitivity – supporting H12 and H13.

Additional mediation analyses showed that perceived sponsorship benefits significantly mediated the effects of the Promotional Capability and Media/Audience Attraction dimensions of event characteristics on the two dimensions of CSR beliefs. These results suggest that perceived sponsorship benefits were, as theorized, a significant mediator of the effects of event characteristics on CSR beliefs, when Promotional Capability and Media/Audience Attraction were concerned.

Last but not least, the post-hoc analyses for the model invariance showed that the causal models describing the effects of event characteristics on CA and CSR beliefs are applicable for different genders, different types of corporations and different types of sports, as indicated by insignificant chi-square difference tests for the multi-group analyses.

## **CHAPTER X. CONCLUSION**

Theorists and practitioners in advertising and marketing have long agreed with the notions that a well-executed corporate sponsorship program can contribute to the image of a corporation, and that the resulting corporate image may significantly vary by choosing different entities for sponsorship. However, there has not been any systematic attempt to investigate what kind of image can be created by sponsoring different entities, and, therefore, the decisions to enter into multi-million-dollar sponsorship deals have oftentimes been driven by practitioners' instincts or personal interests, rather than rational judgments. With this problem in mind, this dissertation explored what kind of corporate images can be affected by different sports sponsorship programs. The results of this dissertation, overall, suggest that marketing practitioners can choose different sporting events for a sponsorship deal to create the different images of a corporation that they want the public to hold. This indicates that advertising and marketing practitioners can control the outcomes of sports sponsorship.

The purpose of this chapter is to summarize the key findings, discuss the implications and contributions, present limitations, and conclude the dissertation by suggesting directions for future study.

### **Summary of Findings**

Under the overarching goal to understand “how” and “why” consumers' perceptions of event characteristics affect the cognitive component of the sponsor image

(i.e., CA and CSR beliefs), three empirical studies were presented. Not finding established scales to measure the primary constructs of interest, Study 1 and Study 2 examined the factor structures of the perceptions of event characteristics, and CA/CSR beliefs. Study 2 also examined how each dimension of event characteristics was related to perceived sponsorship costs and perceived sponsorship benefits – two variables identified to mediate the relationships between the perceptions of event characteristics and CA/CSR beliefs. Based on the results of Study 1 and Study 2, Study 3 tested a series of hypotheses comprising two causal models that explicate the relationships among consumers' perceptions of event characteristics, perceived sponsorship costs/benefits and CA/CSR beliefs about a corporate sponsor.

In Study 1, a series of surveys was performed, and the performance of items describing central aspects of CA and CSR beliefs was evaluated by exploratory and confirmatory factor analyses. The results revealed that three factors underlay a set of 11 items assessing CA beliefs, and two factors underlay a set of eight items describing CSR beliefs. The three factors underlying CA beliefs were perceived product quality, financial performance and technological innovativeness. And the two factors underlying CSR beliefs were perceived community support and customer sensitivity.

Multiple surveys were also performed in Study 2 to evaluate the performance of items describing central aspects of event characteristics, using exploratory and confirmatory factor analyses. The results revealed that four factors underlay a set of 15 items measuring respondents' perceptions of event characteristics. These factors were perceived promotional capability, media/audience attraction, venue attractiveness, and the professionalism of the players. The results of Study 2 further revealed that each

dimension of event characteristics was significantly related to, in positive directions, perceived sponsorship costs and perceived sponsorship benefits. This suggests that each dimension of the event characteristics may affect CA and CSR beliefs, through the mediation of perceived sponsorship costs and benefits. This issue was directly tested in Study 3.

Drawing from signal theory and attribution theory, a series of hypotheses was developed in Study 3 to test two causal models that explicated the relationships among the four dimensions of event characteristics, perceived sponsorship costs/benefits, and each dimension of CA/CSR beliefs about a sponsor. Signal theory suggested that each dimension of event characteristics would positively affect CA beliefs, through the mediation of perceived sponsorship costs, while attribution theory indicated that each dimension of event characteristics would negatively affect CSR beliefs, through the mediation of perceived sponsorship benefits.

To simultaneously examine the proposed interrelationships among the constructs of interest, 13 hypotheses comprising two causal models were tested, using structural equation modeling analyses. Consistent with the notion of signal theory, three of the four dimensions of event characteristics (i.e., promotional capability, media/audience attraction and professionalism of players) positively affected each dimension of CA beliefs (i.e., financial performance, product quality and technological innovativeness), through the mediation of perceived sponsorship costs. Also, consistent with the hypotheses drawn from attribution theory, two of the four dimensions of event characteristics (i.e., promotional capability and media/audience attraction) negatively affected each dimension of CSR beliefs (i.e., community support and customer



sensitivity), through the mediation of perceived sponsorship benefits. Furthermore, a series of post-hoc analyses for the model invariance showed that the causal models explicating the relationships among event characteristics, perceived sponsorship costs/benefits and CA/CSR beliefs that were found in this dissertation are applicable for different genders, different types of corporations and different types of sports, as indicated by insignificant chi-square difference tests for the multi-group analyses.

Contrary to the expectations, however, one dimension of event characteristics (i.e., venue attractiveness) did not affect CA beliefs, and two dimensions of event characteristics (i.e., venue attractiveness and professionalism of players) did not affect CSR beliefs. These findings may be due to the fact that, unlike the promotional capability and media/audience attraction dimensions of event characteristics, venue attractiveness and professionalism of players do not uniformly predict perceived sponsorship costs and perceived sponsorship benefits, as small-sized sporting events can still be staged in very attractive venues, and can invite players with a high level of professionalism, whereas large-scale sporting events are not always staged in attractive venues nor do they invite only highly professionalism athletes. These results indicate that other variables should be factored in, to understand the impacts of the venue attractiveness and/or the professionalism of players dimensions of event characteristics.

## **Implications and Contributions**

The notion that sponsorship affects an individual's perceptions of a corporation is not new. Marketing and advertising researchers have long considered a company's

sponsorship activities to be important in influencing the image of the corporate sponsor. What seems to have been missing, however, is an integrated attempt to formulate theory, and derive and test hypotheses, with respect to the impact of sponsorship. This dissertation offers a number of contributions to the theory and practice of sponsorship.

Acknowledging the lack of conceptual and theoretical work in sponsorship research, this dissertation provides a comprehensive review of sponsorship research, clarifying key constructs important to understanding what is communicated by sponsorship and how corporations benefit from sponsorship activities. In addition, six distinct psychological mechanisms are proposed through which sponsorship works. Consistent with the notion of Pracejus (2004), the six mechanisms, together, represent a reasonably complete set of ways that sponsorship works, although situations that encourage one mechanism over another may differ from case to case.

The three research studies presented in Chapter 6 through Chapter 9 significantly add to the body of sponsorship literature. Some researchers have suggested that the primary impact of sponsorship on consumers is simple top-of-mind awareness (e.g., Aaker 1991). However, the hypotheses proposed and tested in this dissertation indicate that associating a corporation with an event through sponsorship can do more than simply remind people of the corporate brand name. The results of this dissertation suggest that sponsorship is capable of generating inferred messages in the minds of consumers by generating beliefs relevant to the company's ability to develop, produce, and deliver quality products (i.e., CA beliefs), and/or beliefs related to the corporation's status and activities with respect to its perceived societal obligations (i.e., CSR beliefs). The results of this dissertation, therefore, demonstrate that sponsorship is not just a simple reminder

of brand names, but an indirect, yet powerful, form of persuasion, as noted by Crimmins and Horn (1996).

Modern marketing communications options, including corporate sponsorship, do not work in isolation. This means that corporate sponsorship programs must be coordinated with other marketing communications options, such as traditional advertising or public relations practices, and that the effects of sponsorship will depend, in part, on the communication effects engendered by other communication options. The findings of this dissertation, therefore, provide marketing practitioners with valuable information to coordinate different communication options to develop a common message for their target consumers. Knowing that certain event-corporation combinations in sponsorship practice can create CA beliefs, whereas other combinations can create CSR beliefs, aid marketers' decisions in designing messages to reinforce the same message across different communications options.

In addition, the results of this dissertation will facilitate future research in sports sponsorship effectiveness by providing empirically-driven scales to measure important variables. Research on sports sponsorship effectiveness has been hampered by the lack of a scale that can capture consumers' perceptions of sporting events and the image of a corporate sponsor. Therefore, the factor structures of event characteristics and CA/CSR beliefs examined in this dissertation will serve as a foundation to design and execute future research in sponsorship effectiveness.

The current research also provides extensions to an ongoing area of consumer research. Sponsorship is not unique as a commercial endeavor which seeks to associate two things. The core idea behind brand extension, for example, is that a new brand can

sometimes benefit from an association with an existing brand. Likewise for celebrity endorsers; an underlying assumption is that the brand can sometimes benefit from being associated with a celebrity. Other areas of study in marketing and advertising which involve commercial associations include co-branding (Kumar 2005), brand alliance (Rao and Ruekert 1994), etc. This research extends this stream of research by considering another source from which association might be drawn: the company associated with an event through sponsorship.

As noted in the beginning of this chapter, anecdotal accountings point out that decisions to enter into a sponsorship agreement have often been based on the personal experience, intuition and preferences of the decision-maker (Shaw and Amis 2001). This indicates that marketers still lack insight regarding how to select an appropriate event, and leverage their investment in sponsorship (Copeland, Frisby and McCarville 1996). Overall, this dissertation suggests a two step decision making process for marketing practitioners: 1) Set clear communication objectives for a particular sponsorship program, and 2) Select appropriate events for sponsorship programs – those events most likely to convey messages that the sponsor would like the public to grasp.

The rationale behind the two step procedure is that different sponsor-event combinations may lead to different images of the sponsor through different psychological mechanisms. For example, if the goal of a given sponsorship program is to create an image that the corporation is financially strong, then the results of this dissertation suggest that marketing practitioners select events that provide plenty of marketing opportunities for their sponsors, that attract a large number of media audiences and spectators, and/or that invite players with a high level of professionalism. This is because

such sponsorship activities are interpreted by consumers as a credible signal of the financial strength of the corporation, as theorized by signal theory. However, as theorized by attribution theory, the same events may not contribute to the socially responsible image of a corporation, because consumers may perceive that the sponsor only wants to exploit the sponsored event for achieving commercial objectives, and this, thereby, may have detrimental impacts on the socially responsible image of the sponsor. Instead, if the primary objective of sponsorship is to build a socially responsible image, then marketers may choose several local level events and restrict obtrusive leveraging efforts, so that consumers think about the altruistic motives of the sponsor.

Some academic researchers and managers still perceive sponsored events as little more than billboards for brand logos. They consider sponsorship to be exclusively an exposure vehicle which is capable only of building top-of-mind awareness. The conceptual framework and empirical research proposed and tested in this dissertation, however, suggest much richer possibilities for the promotional medium of sports sponsorship.

## **Limitations**

While this dissertation provides valuable insights to understand the underlying mechanisms of sports sponsorship, it is not without limitations. As in virtually any empirical study of advertising effects, the empirical results found in this dissertation are limited by the nature of the sample, stimuli and instruments.

First, although all the survey participants were members of the Virtual Consumer Research Group (VCRG) panel, recruited from across the country, the samples used in this dissertation do not truly represent the U.S. population. Overall, the match between the demographics of the samples and the 2004 U.S. Census data is well within the range of sample error. However, there are some noticeable differences for income and education levels. Approximately 55 percent of the survey respondents had annual incomes of \$50,000 or higher, compared to 45 percent of the U.S. population. Also, more than 80 percent of the survey respondents had some college education or college degrees, compared to 46 percent of the U.S. population. This discrepancy between the survey samples and the U.S. population may be attributed to the nature of the members of the panel, which is organized by people associated with The University of Texas alumni. Therefore, the results of this study should be interpreted with caution, especially when applying the results to people with less income and less education.

Secondly, although a series of model invariance tests demonstrated that the two causal models tested in this dissertation can be applied to different types of sports and corporations, this does not indicate that the results can be applied to any types of sports or corporations. This is because there were only two types of sports, baseball and basketball, employed in the stimuli and, therefore, the results cannot be generalized beyond the two sporting events used. For the same reason, the results cannot be generalized beyond the two types of corporations, manufacturer of sports equipment and manufacturer of home electronics, employed in this dissertation.

Finally, the primary method of data collection was a Web-based survey. Although a number of advantages of Web-based surveys are addressed by researchers, such as low

financial resource necessary, short response time, and researcher's control of the sample (Taylor 2000), several unresolved issues regarding the quality of data collected through the Internet still remain. For example, Ilieva, Baron and Healey (2002) noted, that although the random choice principle can still be kept in Web-based surveys, where all visitors to a particular survey site have equal chances of being selected, this represents a much reduced sampling frame than might be appropriate for studies not requiring computer literacy of the surveyed population. However, as Kehoe, Pitkow and Rogers (1998) noted, the demographic profile of Internet users has started to mirror that of the general population, with increased representation of female users, especially in the U.S. population, compared to Europe.

### **Future Research Directions**

Acknowledging the limitations presented above, the results of this dissertation should be replicated in many different ways. First, the results of this dissertation should be replicated across different types of sports and corporations. As described, only two types of sports and two types of corporations were employed in the stimuli, which limits the generalizability of the findings. Future study, therefore, should replicate the results of this dissertation using diverse types of sports and corporations. Secondly, a traditional paper-and-pencil survey could be used to replicate the results found in this dissertation. Successful replication of the results will indicate that the data collected via Web-based surveys in this dissertation are very similar to the data produced by well-established methods of data collection, such as paper-and-pencil surveys.

In this dissertation, participants' responses to only the sponsor-event association were examined. However, sports sponsorship does not work in isolation. Treating sponsorship as a "stand-alone" communication tool will not provide the full picture of how sponsorship works. Sponsorship is most effective when leveraged with other forms of communication. Therefore, its strategic use and benefits must be studied in conjunction with, not simply in addition to, other promotional activities.

This dissertation focused on the image enhancement function of sports sponsorship. Although image enhancement is one of the most important objectives of sponsorship theory and practice today, future research should explore other issues in sponsorship effectiveness, such as wearout and clutter, and differentiating long-term effects from short-term effects. Also, the crucial link to behavior has been ignored in this dissertation, as the cognitive components of corporate images (i.e., CA and CSR beliefs) were the primary dependent variables. In order to directly demonstrate the economic value of sports sponsorship, future research could incorporate measurements of actual behavior or behavioral intentions.

Finally, more research is needed on the way an audience accepts and processes the information that sponsorships communicate. Sponsorship may or may not work in the same way as advertising, publicity, or promotion, but it is a communications variable nevertheless and should be studied as part of the communications mix.



# **APPENDIX A** *Sample Questionnaire for Study 1:* *Pre-test (Company Selection)*

[Instructions] We are interested in how the general public perceives different corporations. As a part of a larger study, I would like you to rate twelve different corporations. There is no right or wrong answer; we simply want to know your personal perceptions.

Please Rate the following corporations on the items provided below.

- Regarding ..., are you:

Unfamiliar	_ _ _ _ _	Familiar
Inexperienced	_ _ _ _ _	Experienced
Not Knowledgeable	_ _ _ _ _	Knowledgeable

\*\* Each subject rated 12 corporations (the order of corporations was counter-balanced).

[Instructions] The following paragraph explains Corporate Ability (CA). Please read the paragraph and rate the following companies, based on your personal perceptions of each company's level of CA:

One dimension of corporate image is called Corporate Ability (CA). CA is the degree to which a company is perceived as possessing abilities that make it successful. In general, CA addresses how capable a company is at developing, producing, and delivering products and/or services. There is more than one way to determine CA. For example, several scholars address the technological innovativeness of companies; others consider the overall success of a company, and still others theorize additional aspects that are central to a company's abilities, such as their perceived expertise, financial strength and the quality of its product/service.

- I think ...have a...

Very Low Level of CA      \_ \_ \_ \_ \_      Very High Level of CA

\*\* Each subject rated 12 corporations (the order of corporations was counter-balanced).

[Instructions] The following paragraph explains Corporate Social Responsibility (CSR). Please read the paragraph and rate the following companies, based on your personal perceptions of each company's level of CSR:

One dimension of corporate image is called Corporate Social Responsibility (CSR). CSR reflects the organization's status and activities with respect to its perceived societal obligations. In general, CSR addresses how much a company is responsibly fulfilling its societal obligations. Several factors go into determining CSR. For example, numerous theorists include such facets as corporate philanthropy, corporate giving, community relations, community involvement and/or environmental orientation

- I think ...have a...

Very Low Level of CSR      \_ \_ \_ \_ \_      Very High Level of CSR

\*\* Each subject rated 12 corporations (the order of corporations was counter-balanced).

## APPENDIX B

### *Sample Questionnaire for Study 1: Survey 1-1 (Exploratory Phase for CA)*

[Instructions] We are interested in how the general public perceives different corporations. As a part of a larger study, I would like you to rate two different corporations. For each corporation, you will be asked to rate approximately 32 statements (you will be asked to rate one corporation at a time). Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions. Please do not be careless, because we want your true response.

Please Rate ... on the items provided below.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated two corporations; the order of items was randomized.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

- ... is a good company to work for.
- ... is a responsible company.
- ... is committed to worthwhile causes.
- ... is a good corporate citizen.
- ... works to satisfy its social responsibilities.
- ... fulfills its social obligations.
- ... is socially responsible.
- ... demonstrates good corporate citizenship.
- ... believes in philanthropy.
- ... gives generously to worthy causes.
- ... believes that helping others is just as important as making profits.
- ... helps other people.
- ... gives adequate contributions to charities.
- ... is altruistic.
- ... is generous.
- ... is unselfish.
- ... is kind.
- ... is involved in the communities where they do business.
- ... has put a lot of effort into serving the communities where they do business.
- ... is highly involved in community activities.
- ... tries to give something back to the communities where they do business.
- ... is a vital part of the community where they do business.
- ... is aware of any potential negative impacts of its activities on the community.
- ... supports local sports in the community where they do business.
- ... supports activities in the local community where they do business.
- ... has a significant role in the life of the community where they do business.
- ... responds to customer needs.
- ... cares about its customers.
- ... acts in the best interests of its customers.
- ... is interested in helping its customers.
- ... cares about people.
- ... provides trustworthy information about its products and services to its customers.
- ... is genuinely concerned about its customers' welfare.

## APPENDIX C

### *Sample Questionnaire for Study 1: Survey 1-2 (Confirmatory Phase for CA)*

[Instructions] We are interested in how the general public perceives different corporations. Please rate ... on the items provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions.

Please Rate ... on the items provided below.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated three corporations.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

- ... has good products and services
- ... delivers premium products and services
- The products and services of ... can be used with confidence
- ... has high-quality products and services
- ... is financially strong
- ... maintains a healthy financial history
- The financial condition of ... is strong
- ... is at the forefront of using technology
- ... is a technological innovator
- ... uses up-to-date technology in its business
- ... uses innovative technology

## APPENDIX D

### *Sample Questionnaire for Study 1: Survey 2-1 (Exploratory Phase for CSR)*

[Instructions] We are interested in how the general public perceives different corporations. As a part of a larger study, I would like you to rate two different corporations. For each corporation, you will be asked to rate approximately 33 statements (you will be asked to rate one corporation at a time). Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions. Please do not be careless, because we want your true response.

Please Rate ... on the items provided below.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated two corporations.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

- ... is financially strong.
- ... maintains a healthy financial history.
- The financial condition of ... is strong.
- ... has failed to maintain strong financial condition.
- ... is well managed.
- ... is managed in a professional manner.
- Corporate management at ... is very knowledgeable
- People who work for ... are experts in their field.
- ... has an excellent management team.
- ... is experienced in its business.
- ... is an expert in its business.
- ... is skilled in its business.
- ... is knowledgeable in its business.
- ... is qualified in its business.
- ... is a small-time player in its field.
- ... is a leader in its industry.
- ... is a cutting-edge company.
- ... is an important company.
- ... is a market leader.
- Overall, ... is successful.
- Overall, ... has been successful at maximizing its profits.
- Overall, ... has been successful at delivering good products and services.
- ... has good products and services.
- ... offers vital products and services.
- ... delivers premium products and services.
- The products and services of ... can be used with confidence.
- ... provides consistent quality products and services.
- ... has high-quality products and services.
- ... is at the forefront of using technology.
- ... is a technological innovator.
- ... uses up-to-date technology in its business.
- Starbucks uses innovative technology.

## APPENDIX E

### *Sample Questionnaire for Study 1: Survey 2-2 (Confirmatory Phase for CSR)*

[Instructions] We are interested in how the general public perceives different corporations. Please rate ... on the items provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions.

Please Rate ... on the items provided below.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated three corporations; the order of items was randomized.

Strongly Disagree

\_\_\_\_\_

Strongly Agree

- ... gives adequate contributions to charities
- ... has put a lot of effort into serving the communities where they do business
- ... is highly involved in community activities
- ... is committed to worthwhile causes
- ... supports activities in the local community where they do business
- ... believes in philanthropy
- ... helps other people
- ... responds to customer needs
- ... cares about its customers
- ... acts in the best interests of its customers
- ... is interested in helping its customers
- ... is genuinely concerned about its customers' welfare

**APPENDIX F**  
*Sample Questionnaire for Study 2:*  
*Pre-test (Event Selection)*

[Instructions] We are interested in how the general public perceives different sporting events, leagues, games, etc. As a part of a larger study, I would like you to rate seven different sporting events. There is no right or wrong answer; we simply want to know your personal perceptions.

Please Rate ... on the items provided below.

\*\* Each subject rated seven sporting events; the order of events was counter-balanced.

- Regarding ..., are you:

Unfamiliar	— — — — — — — — —	Familiar
Inexperienced	— — — — — — — — —	Experienced
Not Knowledgeable	— — — — — — — — —	Knowledgeable

- In general, I think that ...

Have very little potential for media exposure & publicity	— — — — — — — — —	Have great potential for media exposure & publicity
Do not involve a high level of skill	— — — — — — — — —	Involve a high level of skill
Bring in spectators from only the local area	— — — — — — — — —	Bring in spectators from all over
Are played in low-quality facilities	— — — — — — — — —	Are played in high-quality facilities
Are financially very weak	— — — — — — — — —	Are financially very strong
Do not involve marketing activities	— — — — — — — — —	Involve a lot of marketing activities
Are not commercialized at all	— — — — — — — — —	Are very much commercialized

## APPENDIX G

### *Sample Questionnaire for Study 2: Survey 1 (Exploratory Phase for Event Characteristics)*

[Instructions] We are interested in how the general public perceives different sporting events. I would like you to rate two different sporting events. For each event, you will be asked to rate approximately 37 statements (you will be asked to rate one event at a time). Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions. Please do not be careless, because we want your true response.

Please rate ... on the items provided below.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated two events; the order of items was randomized.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

- ... generally have difficulties securing adequate funding.
- ... generally provides its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities.
- ... is highly commercialized.
- ... is an effective marketing medium for its sponsors.
- Significant marketing and promotion efforts are made to increase attendance at ...
- ... are always interested in selling themselves for sponsorships.
- Advertisements of sponsoring companies are easily seen at ...
- Products and services of sponsoring companies are sold at ...
- ... promote the products and services of its sponsors.
- ... are very good at making the brand names of their sponsors visible to the public.
- ... are usually covered by national media.
- The extent to which any of the media (e.g., TV, radio, magazine, Internet, etc.) covers ... is greater than on average for other sporting events.
- ... have great potential for high media exposure and publicity.
- The coverage of ... generally involves a national media contract.
- There are many different media outlets (e.g., radio, television, etc.) that cover ...
- The media has great interest in covering ...
- There is more local media than national media that cover ...
- ... draws media audience from all over the country.
- ... are an important sporting events for many people.
- ... are popular in America.
- Overall, MLB is a very respected sport.
- ... have a rich history and tradition as a sporting event.
- ... is nationally recognized.
- Typical players of ... have strong sense of professionalism.
- The professionalism of the typical players of ... is very impressive.
- Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports.
- The players or teams in ... are highly competitive with each other.

\*\*Appendix G cont' on next page.

- Players of ... are very laid back (reverse code).
- ... draws spectators from all over the country.
- The average number of spectators for ... is greater than that for other sporting events.
- ... tends to draw a high number of spectators.
- Fans of ... are spread across the country.
- Fans of ... come from of all walks of life.
- In general, ... are staged in attractive places.
- ... are usually held in popular places.
- The venue in which ... is staged is very attractive.
- Typically, ... are played in great facilities.



## APPENDIX H

### *Sample Questionnaire for Study 2:*

#### *Survey 2 (Confirmatory & Relation Validation Phase for Event Characteristics)*

[Instructions] We are interested in how the general public perceives different sporting events. Please rate ... on the items provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions.

Please rate ... on the items provided below.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated three events; the order of items was randomized.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

- ... generally provides its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities
- Advertisements of sponsoring companies are easily seen at ...
- Products and services of sponsoring companies are sold at ...
- ... promote the products and services of its sponsors
- ... are very good at making the brand names of their sponsors visible to the public
- ... have great potential for high media exposure and publicity
- The coverage of ... generally involves a national media contract
- The media has great interest in covering ...
- ... draws spectators from all over the country
- ... tends to draw a high number of spectators
- In general, ... are staged in attractive places
- ... are usually held in popular places
- The venue in which ... is staged is very attractive
- Typical players of ... have strong sense of professionalism
- The professionalism of the typical players of ... is very impressive
- Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports

\*\*Appendix H cont' on next page.

[Instructions] Please rate a corporation's sponsorship deal with ... on the items provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated three events;

Strongly Disagree      \_\_\_\_\_      Strongly Agree

- ... is way above the average for sponsorship at all other levels of sports.
- It costs much more for a corporation to become a sponsor of the ... than seems usual for a typical sports sponsorship deal.
- The expenditure necessary for a corporation to become a sponsor of the ... is much higher than for an average sports sponsorship deal.
- It is very expensive for a corporation to become a sponsor of the ..., compared to a typical sports sponsorship deal.

[Instructions] Please rate a corporation's sponsorship deal with ... on the items provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree."; each subject rated three events.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

- A corporation benefits more from the sponsorship deal with ..., compared to the amount of contribution it brings to the sponsored event.
- A corporation gets more advantages from the sponsorship deal with ... than it gives to improve the quality of the sponsored event.
- A corporation benefits more from the sponsorship deal with the ... than it gives in funding for the sponsored event.
- A corporation makes more profit than loss by being a sponsor of ...

## APPENDIX I

### Sample Company Profile for Study 3

# About Zenet Corporation

Zenet

May 26, 2006 at 16:00 ET 34.33 -0.09  
FAQs | Contact Us

SEARCH

PRODUCTS & SOLUTIONS

ABOUT ZENET

CAREERS

NEWS

Home

About Zenet

Snapshot

Who We Are

Products

Operation

Sponsorship

## About Zenet Corporation

### Snapshot

- Headquarters: Chicago.
- Founded: 1973.
- Business: sports and fitness footwear, apparel and equipment.
- 2005 Sales (mil.): \$387.

### Who We Are

#### Products

Zenet Corporation's principal activities are to design, produce, develop and market sports and fitness footwear, apparel, equipment and accessory products. Zenet Corporation caters its products to tennis, baseball, golf, soccer, football, bicycling, volleyball, hiking and other athletic and recreational uses.

#### Operation

- Zenet Corporation sells its products in approximately 12 countries, operates 184 retail outlets (121 in the U.S. and 63 outside the U.S.), and utilizes independent contractors in three countries.


2005 Sales	% of Total
Americas	
U.S.	58
Other Countries	12
Europe/Asia	23
Other Regions	7
Total	100

## A Leading Sponsor of the Major League Baseball (MLB) Games

Zenet Corporation has been dedicated to perpetuating the vision and embracing the attributes of sports. Driven by the corporate philosophy to sponsor sporting events, Zenet has been a proud sponsor of the Major League Baseball (MLB) games for the past four years.

*Sponsorship Highlights:*

- Zenet Corporation has been an Official Sponsor of the MLB games from 2002 to the present.
- Besides financial support for the MLB games, Zenet Corporation has provided a wide range of products and services that are integral to the MLB games.
- By sponsoring the MLB games, Zenet Corporation gets the rights to associate itself with the MLB games in its commercial activities, such as in advertising and promotions.
- Zenet Corporation will continue to sponsor the MLB games; it is just about to announce a new sponsorship deal for the MLB games for the next three years.

Proud Sponsor of  
the MLB games

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## APPENDIX J

### *Sample Survey Questionnaire for Study 3*

[Instructions] On this page, please rate Zenet Corporation by indicating your level of agreement with each statement provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions, based on the information shown on the corporate profile.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree"; the order of items was randomized.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

#### [CA Measures]

- Zenet Corporation is financially strong.
- Zenet Corporation maintains a healthy financial history.
- The financial condition of Zenet Corporation is strong.
- Zenet Corporation has good products and services.
- Zenet Corporation delivers premium products and services.
- The products and services of Zenet Corporation can be used with confidence.
- Zenet Corporation has high-quality products and services.
- Zenet Corporation is at the forefront of using technology.
- Zenet Corporation is a technological innovator.
- Zenet Corporation uses up-to-date technology in its business.
- Zenet Corporation uses innovative technology.

#### [CSR Measures]

- ... gives adequate contributions to charities
- ... has put a lot of effort into serving the communities where they do business
- ... is highly involved in community activities
- ... supports activities in the local community where they do business
- ... cares about its customers
- ... acts in the best interests of its customers
- ... is interested in helping its customers
- ... is genuinely concerned about its customers' welfare

Please click the "Next Page" button to proceed to the next page

\*\*Appendix J cont' on next page.

On this page, we want to know your personal perceptions of the ... games. Please rate the ... games on the items provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree"; the order of items was randomized.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

[Event Characteristics Measures]

- ... generally provides its sponsors with great opportunities for advertising, promotional tie-ins or other marketing activities
- Advertisements of sponsoring companies are easily seen at ...
- ... promote the products and services of its sponsors
- ... are very good at making the brand names of their sponsors visible to the public
- ... have great potential for high media exposure and publicity
- The coverage of ... generally involves a national media contract
- The media has great interest in covering ...
- ... draws spectators from all over the country
- ... tends to draw a high number of spectators
- In general, ... are staged in attractive places
- ... are usually held in popular places
- The venue in which ... is staged is very attractive
- Typical players of ... have strong sense of professionalism
- The professionalism of the typical players of ... is very impressive
- Typically, players of ... demonstrate a high level of knowledge and experience about their field of sports

Please click the "Next Page" button to proceed to the next page

\*\*Appendix J cont' on next page.

[Instructions] On this page, we want to know your personal perceptions of Zenet Corporation's sports sponsorship activity. Please rate Zenet Corporation's sponsorship deal with the Major ... on the items provided below. Please make each statement a separate and independent judgment. There is no right or wrong answer; we simply want to know your personal perceptions.

\*\*Agreement with the following statements was assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree"; the order of items was randomized.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

[Sponsorship Costs Measures]

- ... is way above the average for sponsorship at all other levels of sports.
- It costs much more for a corporation to become a sponsor of the ... than seems usual for a typical sports sponsorship deal.
- The expenditure necessary for a corporation to become a sponsor of the ... is much higher than for an average sports sponsorship deal.
- It is very expensive for a corporation to become a sponsor of the ..., compared to a typical sports sponsorship deal.

[Sponsorship Benefits Measures]

- A corporation benefits more from the sponsorship deal with ..., compared to the amount of contribution it brings to the sponsored event.
- A corporation gets more advantages from the sponsorship deal with ... than it gives to improve the quality of the sponsored event.
- A corporation benefits more from the sponsorship deal with the ... than it gives in funding for the sponsored event.
- A corporation makes more profit than loss by being a sponsor of ...

## APPENDIX K

### *Auxiliary Items for Study 3*

[Instructions] There are some auxiliary items regarding Zenet Corporation, and its sponsorship activity. Please rate the following items.

Please indicate your level of agreement with each statement below:

\*Agreement with the following statements will be assessed on nine-point bipolar scales anchored by "Strongly Disagree" and "Strongly Agree"; the order of items was randomized.

Strongly Disagree      \_\_\_\_\_      Strongly Agree

[Sponsor-event fit]

- There is a logical connection between the event and the sponsor.
- The image of the event and the image of the sponsor are similar.
- The sponsor and the event fit together well.
- The company and the event stand for similar things.
- It makes sense to me that this company sponsors this event.

[Personal Liking for the event]

- I am a strong supporter of this event.
- I would want to attend this event.
- I enjoy following coverage of this event.
- This event is important to me.

[Credibility of information from the company profile]

- The information in the company profile is credible.
- I think the information in the company profile is exaggerated.
- I think the information in the company profile is unbelievable.

[Involvement with Product Category]

- Regarding ..., are you:

Not Involved	_____	Highly Involved
Uninterested	_____	Interested
Of No Concern	_____	Of Concern to Me

- How acceptable do you think the word "Zenet" is as a corporate brand name?

[Brand Name Acceptability]

Dislike	_____	Like
Negative	_____	Positive
Bad	_____	Good
Disagreeable	_____	Agreeable
Unpleasant	_____	Pleasant
Not At All Acceptable	_____	Very Acceptable

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